

Agence... 1.000 Franc... 1.000 Mark... 1.000 Yen... 1.000 Dollar... 1.000 Pound...

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No. 32,885 46/89

Gorbachev to Meet Reagan and Bush

Europe Sees Promise of Momentum In Diplomacy During Transition

By Joseph Fitchett International Herald Tribune

PARIS — The news of a surprise meeting of Mikhail S. Gorbachev with President Ronald Reagan and President-elect George Bush early next month in New York...

United States to address the United Nations.

From the Soviet spokesman's remarks, it appeared that Mr. Gorbachev would meet with Mr. Reagan...

Even though U.S. officials played down its potential scope, with several officials calling it a "kind of cordial visit, not a summit in any sense of the word..."

The meeting was suggested by the Soviet Union "just in the last few days," U.S. sources were quoted as saying in Washington...

Prince Charles, wearing a yellow button proclaiming "begins at 40," launched his 40th birthday party...

It was unclear whether the meeting would produce any movement on East-West issues such as arms control or human rights in the Soviet Union...

The meeting, hinted at by U.S. officials Monday and confirmed Tuesday by a Soviet spokesman...

The meeting was suggested by the Soviet Union "just in the last few days," U.S. sources were quoted as saying in Washington...

U.S. Says Offer to Visit 'Came Out of the Blue'

By Elaine Sciolino New York Times Service

WASHINGTON — The decision of Mikhail S. Gorbachev to visit the United Nations early next month was unexpectedly sprung on the Reagan administration with no prior warning or consultation...

the State Department where Mr. Dubinin was waiting. To Mr. Shultz's surprise, Mr. Dubinin explained that the Soviet leader was planning to address the General Assembly on Dec. 7...

"It came out of the blue," Deputy Secretary of State John C. Whitehead said of the dramatic overture, the first visit to the United Nations by a Soviet head of state since Nikita S. Khrushchev...

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

Secretary of State George P. Shultz was playing golf in Augusta, Georgia, on Sunday when he received a message that the Soviet ambassador, Yuri V. Dubinin, needed to speak to him on an urgent matter...

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

When Mr. Shultz arrived back at Andrews Air Force base in the early evening, he headed straight to the State Department where Mr. Dubinin was waiting.

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

India Seeking Carbide Aides BHOVAL, India (UPI) — A judge issued arrest warrants Tuesday for two officials of Union Carbide Corp. and the U.S. multinational company's former chairman...

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

Antal Dorati, composer and conductor, dies in Switzerland at 82.

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

General News In South Africa, a final ruling neared in the nation's longest political trial.

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

A pedophile preacher was unmasked — 30 years and scores of boys too late.

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

Business/Finance The EC may scale back an ambitious plan to open up the life insurance market in the community.

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

A computer maker controlled by the New York investor Bennett LeBow bid for Prime Computer.

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.

Down Close The Dollar in New York DM 1.7428 DM 1.8085 DM 1.8235 DM 1.8582

On Tuesday, both the White House and the State Department portrayed the meeting as more of a social occasion than a substantive encounter likely to produce any concrete results.



In First Test, Soviet Shuttle Orbits Earth and Lands

The world's most powerful booster rocket blasting off its launching pad Tuesday at the Baikonur space center in Soviet central Asia, lifting the space shuttle Buran into orbit on its first test flight.

Namibia Independence Is Nearer After Agreement at Geneva Talks

By David B. Ottaway Washington Post Service

WASHINGTON — Negotiators from the United States, South Africa, Cuba and Angola announced in Geneva on Tuesday that they had reached agreement in principle on a plan linking independence for the South African-ruled territory known as Namibia with the phased withdrawal of 52,000 Cuban troops from Angola.

The complex, step-by-step plan must still be approved by the South African, Cuban and Angolan governments. U.S. and other officials also said some details remained to be worked out, including a starting date, before an agreement is finally signed in Brazzaville, Congo.

But the positive comments made by various negotiators in Geneva suggested the parties were now close enough that an accord could be signed in the near future.

Arafat Challenges U.S. To New Peace Initiative After PLO Declares State

By Alan Cowell New York Times Service

ALGIERS — Hours after declaring an independent Palestinian state in Israeli-occupied territories, Yasser Arafat, chairman of the Palestine Liberation Organization, said Tuesday that the responsibility now lay with the United States to revive stalled Middle East peace efforts.

But at a news conference he declined to say explicitly whether he believed the declaration, held by many to imply recognition of Israel, represented acceptance of the Jewish state. Radical PLO figures said it did not.

The proclamation followed 11 months of protests in the Israeli-occupied West Bank and Gaza Strip, and Jordan's decision on July 31 to sever ties with the West Bank, leaving a political vacuum there.

Mr. Arafat was speaking after a four-day meeting of the Palestine National Council — which the PLO consider to be a parliament in exile — that sought to fill the void by declaring an independent state. It also agreed to what Palestinians

ON PAGE 4

For 24 years, Palestinians had staunchly refused to accept Israel's existence. U.S. Jews have been told that Israel will not change the definition of a Jew.

could be the session of peace if the U.S. administration and Israel wish it. Yet, in what seemed an immediate assault on the moderate consensus supporting Mr. Arafat, Georges Habash, leader of the PLO's most radical faction, disputed the notion that the gathering had offered implicit recognition of Israel.

"In my opinion there's a great difference between recognizing Israel finally and officially and accepting 243 and 338," he said, referring to UN Security Council resolutions acknowledging Israel's right to exist. "I do not regard that the Palestinian National Council recognized Israel," he said.

PLO's Step Is Rejected By Israel

By Joel Brinkley New York Times Service

JERUSALEM — Israel dismissed Palestine National Council's declaration of a Palestinian state on Tuesday as irrelevant and unimportant, while Palestinians in the occupied territories barely seemed to take note of it.

Despite broad predictions of widespread celebrations and violence, the West Bank and Gaza observed one of the quietest days in months.

In Ramallah, an army colonel whose men were patrolling largely empty streets at midday called his commander at headquarters and reported that "we are bored here."

In Jerusalem, Prime Minister Yitzhak Shamir said the pronouncement "doesn't have any meaning in the field."

"It's not surprising, and it doesn't have any practical effect," he said.

Foreign Minister Shimon Peres said of the declaration: "It's another attempt to avoid the need to make unequivocal decisions."

But Palestinian community leaders lauded the announcement. Hanna Siniors, a West Bank newspaper editor, said: "It is a triumph for the voice of moderation within the Palestinian camp. I feel the same joy I experienced at the birth of my first child."

At dusk, he was among several dozen people who listened as the declaration was read aloud in front of Al Aqsa Mosque in Jerusalem's Old City.

Asked why so few people had reserve established by China outside its own territory. It would also symbolize acceptance of China as a benevolent power by its non-Communist neighbors.

Yasser Arafat saluting the Palestinian flag in Algiers on Tuesday.

China Arms Stockpiling Worries Thais' Allies

By Michael Richardson International Herald Tribune

SINGAPORE — A plan to stockpile Chinese arms in Thailand is seen by several countries in Southeast Asia as an unwelcome means of expanding and entrenching Beijing's influence in the region, analysts and diplomats say.

They said in recent interviews that arrangements for the stockpile were agreed in principle in June and would probably be finalized by General Chavalit Yongchaiyudh, the Thai Army commander, when he visits China next week.

The proposal, initiated by Thailand, is strategically significant because it would be the first arms

Analysts said the United States supported the stockpile plan because it would buttress the security of Thailand, a U.S. ally, at a time when Washington's ability to provide military assistance is being curtailed by growing budgetary constraints.

China and the United States "are more or less following parallel policies with regard to Thailand," noted Michael Yahuda, a China specialist at the London School of Economics and Political Science.

However, the plan for a Chinese arms stockpile in Thailand is strongly opposed by Indonesia, which is by far the largest country in Southeast Asia.

"We are very worried," said Jusuf Wanandi, executive director of the Center for Strategic and International Studies in Indonesia.

Malaysia is also reported to have reservations about allowing China to have such an overt military presence in the region, despite recent high-level assurances from the Thai government that the stockpile would be purely defensive and would remain under Thai control.

Analysts said Indonesia and Malaysia were concerned that final approval of a Chinese military stockpile in Thailand at this point would be used by Vietnam to delay its promised troop withdrawal from Cambodia and obstruct a political settlement. China is the main supplier of military aid, via Thailand, to Khmer Rouge guerrillas in Cambodia.

The Vietnamese-backed government in Cambodia recently claimed that the stockpile plan was intended to further Beijing's "expansionist ambitions toward Southeast Asia" and accelerate de-

See STOCKPILE, Page 2

Fresh Evidence of U.S. Economic Health

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. retail stores had their biggest sales rise in seven months during October, while output by American industry grew, the government said Tuesday, in reports indicating the economy is pursuing its expansion.

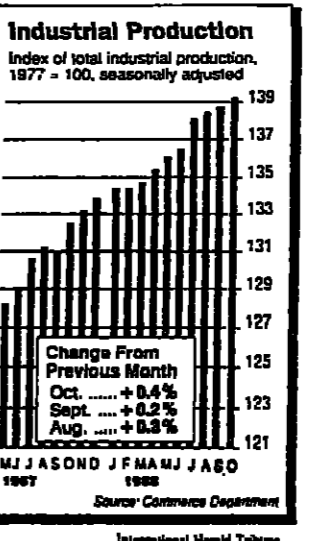
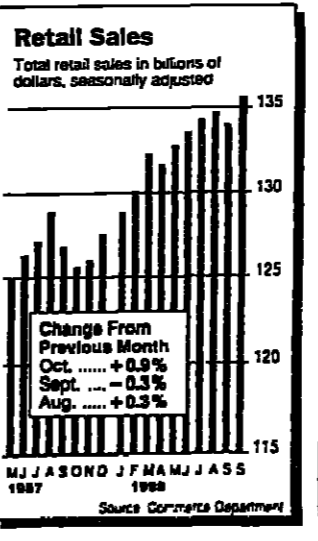
The 0.9 percent gain in retail sales, combined with a 0.4 percent rise in industrial production, provided fresh evidence that the U.S. economy was picking up steam after a summer slowdown, economists said.

The White House spokesman, Martin Fitzwater, called the reports "very positive and very encouraging for continued steady growth in the economy."

"We see no evidence of rekindling inflation," he added. "Growth has definitely moderated in the last few months," said Michael Tindall, an economist with Discount Corp. "But this shows that the talk of a possible recession was overblown."

"The consumer is still hanging in there and spending at a faster rate than desired," said David Jones, an economist at Aurbrey G. Lantson & Co. He said the Federal Reserve Board would be mildly concerned by the retail sales report but would wait for additional fourth-quarter data before changing credit policy.

The financial markets largely ignored the reports.



Rigorous Diet Can Reverse Arterial Disease, Study Suggests

By Daniel Goleman New York Times Service

NEW YORK — Life-style changes alone, without drugs or surgery, can halt or reverse atherosclerosis, a hardening of the arteries that can lead to heart attack, researchers have found.

They cautioned that the findings were preliminary results of a study involving only a few patients. But researchers said the report, made public Monday, could have far-reaching implications for the treatment of heart disease.

The finding involved a group of patients with heart disease who were put on a rigorous program that included a low-fat diet, stress management and moderate exercise.

Health Center at Massachusetts General Hospital in Boston. "This is going to shake up physicians' thinking." The finding was surprising because scientists only recently discovered that they could shrink the plaque that clogs arteries, and that was with the help of powerful drugs.

The researchers were led by Dr. Dean Ornish, an assistant clinical professor of medicine at the University of California-San Francisco. "If the results continue to be as good from the study, it will be very important in making physicians consider alternatives to heart transplants, bypasses, and other high-tech medicine they've embarked upon," added Dr. Leaf, who is chairman of the Department of Preventive Medicine at Harvard Medical School and a former chief of medicine at Massachusetts General Hospital.

The subjects in the study had all been told, on the basis of an angiogram, that they had severe heart disease. Fifty patients were randomly assigned to one of two groups. One group received traditional care, including advice on lowering their cholesterol levels and blood pressure, as well as advice on quitting smoking.

Those in the second group were given a more demanding regimen. They were put on a low-fat, vegetarian diet in which less than 10 percent of calories was from fat, and most of that was unsaturated. This level is less than a third of the fat in the average American diet. The patients also received an individual program of moderate exercise, and they were given stress-management training, including yoga and meditation. Those who smoked were required to quit.

A comparison of the 12 patients who had finished the rigorous program with 17 who followed the customary treatment showed that those in the experimental program had a measurable widening of arteries.

Before treatment, the doctors determined that, on average, the coronary arteries in patients in the treatment group were 44.4 percent blocked. In averaging, the researchers considered all arteries, meaning that some were at least 70 percent blocked, but others were relatively open. After one year, the average blockage improved to 40.8 percent, and Dr. Ornish said the greatest improvement was in the arteries that had been the most clogged.

In contrast, the average blockage increased in those who received customary care, to 46.2 percent from 44.1 percent.

Cholesterol in the blood is a primary cause of the progressive blocking. The researchers tested the patients in the study both for total cholesterol, and for low-density lipoprotein cholesterol, which leads to the buildup of plaque.

ASSISTANTE CTEUR GENERAL ENT BILINGUE ANGLAIS

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WORLD BRIEFS

Soviet Shuttle Orbits Earth And Lands During First Test

By Felicity Barringer
New York Times Service
MOSCOW — The Soviet Union's first space shuttle, riding piggyback aboard the world's most powerful booster rocket, rose Tuesday from the cold, flat Asian steppe to orbit the Earth for the first time.

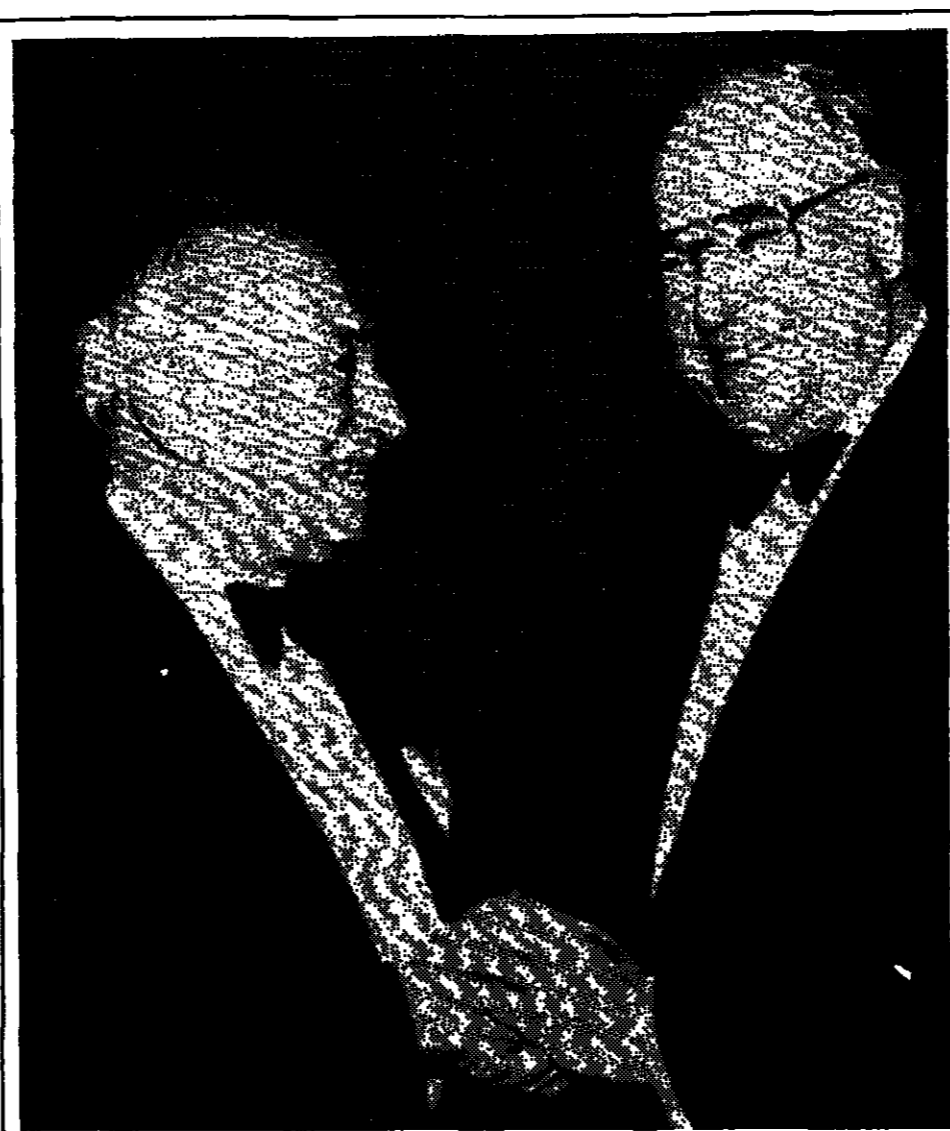
The lift-off was the second breakthrough for the Soviet space program this month.
On Saturday, the components Vladimir Titov and Musa Manarov, orbiting the earth on the Mir space station, broke Yuri V. Romanenko's 1987 world space endurance record of 326 days.

Baker: A Pragmatist Who Gets Things Done

By Robert Pear
New York Times Service
WASHINGTON — The record of James A. Baker 3d suggests that, as secretary of state, he may be inclined to seek more international economic cooperation, is not likely to be a zealous advocate of military aid to the Nicaraguan rebels and would oppose restrictions on commercial-bank lending to the Soviet Union.

The shuttle was powered into orbit by the heavyweight booster system of the Energia rocket, whose eight engines are fueled by more than 2,000 tons of supercooled liquid hydrogen, liquid oxygen and liquid nitrogen.

The U.S. shuttle Discovery completed a four-day flight in September, ending a 37-month hiatus in U.S. shuttle launchings after the January 1986 explosion of the space shuttle Challenger, in which all seven astronauts aboard died.



Simon Wiesenthal, left, meeting Chancellor Helmut Kohl at the New York dinner.

Kohl Hails Wiesenthal as German 'Guide'

New York Times Service
NEW YORK — Chancellor Helmut Kohl of West Germany has paid tribute to Simon Wiesenthal, the Nazi-hunter, for helping guide a new generation of Germans back into the "large family of free nations."

VISIT: Surprise for Washington

(Continued from page 1)
to him in a relatively informal session.
The first word of Mr. Gorbachev's visit came last Friday morning, when Alexander M. Belonogov, the chief Soviet delegate to the United Nations, informed Secretary-General Javier Perez de Cuellar and Virendra Dayal, his cabinet chief, that Mr. Gorbachev wanted to address the current session of the General Assembly, United Nations officials said Tuesday.

STOCKPILE: Chinese Weapons Worry Thai Allies

(Continued from page 1)
liveries of Chinese weapons to the Kluwer Rouge.
Sharply divergent assessments about China's links with the region are a source of friction within ASEAN, the Association of South East Asian Nations. Members of the non-Communist group are Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

MEETING: Gorbachev U.S. Visit

(Continued from page 1)
December, Mr. Gorbachev has a heavy schedule of meetings with foreign leaders, including those of Britain, Italy, France, West Germany, India and Cuba.
Western Europeans, while unanimously welcoming the Bush-Gorbachev meeting, diverged in their reading of its significance.

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Havana Fire Cuts Cuba Phone Link

HAVANA — Cuba was cut off from the world for 24 hours after a fire interrupted international telephone and telex communications, government officials said Tuesday.

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Japan Poised to Pass Tax Program

TOKYO (APF) — The governing Liberal Democratic Party published Wednesday a list of politicians implicated in a stock market scandal in return for opposition acceptance of a sweeping tax overhaul, party officials said. The party was poised to push the measure through the legislature's lower house.

Neo-Fascist in Pretoria Kills 3 Blacks

PRETORIA (WF) — A white former policeman dressed in camouflage fatigues and claiming to be a member of a shadowy neo-fascist organization went on a shooting rampage in central Pretoria on Tuesday, randomly killing three blacks and wounding at least 10 others on one of the capital's busiest streets before he was subdued and arrested.

2 Americans Are Freed by Liberia

ABIDJAN, Ivory Coast (NYT) — Liberia's president, Samuel K. Doe, ordered Tuesday the release of two Americans held since July 13 on charges of participating in a coup attempt, according to a government statement received in Abidjan.

Shamir Asks Labor to Join Coalition

JERUSALEM (NYT) — Prime Minister Yitzhak Shamir on Tuesday invited his political rival, Foreign Minister Shimon Peres, to join a new Labor-Likud national unity government.

Brazilian Vote Called Test for Sarney

RIO DE JANEIRO (AP) — Brazilians voted Tuesday for 4,307 mayors and city councilors in nationwide elections considered a popularity test for President Jose Sarney's beleaguered government.

U.S. Airlines Delaying Fare Changes

NEW YORK (NYT) — The elimination of some discount fares by the major U.S. airlines, due to take effect Tuesday, will probably be delayed for another week. United Air Lines Inc. said Monday that it would not make the change until Nov. 22 and most major airlines are expected to follow United's lead to remain competitive.

Brady to Remain at Treasury

WASHINGTON — Vice President George Bush announced Tuesday that he had asked Treasury Secretary Nicholas F. Brady to remain in his post in the new administration. The move was expected.

TRAVEL UPDATE

French public transport was disrupted by strikes Tuesday, as public employees demanded pay increases. Many railroad workers stopped work, causing lengthy delays. Air France canceled six flights Tuesday because of a strike by ground staff.

سكرا من الاصل

BRIEFS

Tax Program Liberal Democratic Party... to push the measure through...

Navy Charts Course For Mid-21st Century... The navy already is setting a course for 50 years from now...

Coria Kills 3 Black... A policeman dressed in camouflage... in central Pretoria on Tuesday...

reed by Liberia... Liberia's president, Samuel Doe... Americans held since July 1987...

Antal Dorati, Conductor, Dies at 82... The Associated Press BERN — Antal Dorati, 82, the Hungarian-born composer and conductor...

er to Join Coalition... Minister Yitzhak Shamir on Tuesday... Minister Shimon Peres, to parliament...

itted' to Cut Nuclear Arms... International George Bush assured delegates that he was "fully committed" to weapons and an agreement...

UPDATE... rying Fare Change... mination of some discount fares Tuesday, will probably be as Inc. said Monday...

Treasury... knows that our most important priority is to keep our economy growing with low inflation...

led Test for San... zilians voted Tuesday for 430 sections considered a popular government...

through the chief U.S. negotiator... plenary meeting of four nations to Soviet. The talks were adjourned...

Talks center on long-range... signed last December, against long and shorter-range nuclear defense.

As a result, most travelers... many business people will be discouraged by the prospect of higher travel costs...

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AMERICAN TOPICS

Notes About People

Frank L. Rizzo, a former police chief who was mayor of Philadelphia from 1972 to 1980, has started a Monday-through-Friday radio talk show there...

Short Takes

The moneyed citizens of Palm Beach, Florida, take their partying seriously enough that the town council has voted to ban filmmaking there during the social high season...

RETURN VISIT

The makers of Coca-Cola are reissuing a limited edition of their 6.5-ounce bottles in time for the end of the year holiday season...

Western Michigan University

Western Michigan University in Kalamazoo offers a course titled University 101, which instructs new students in such skills as studying, taking tests and behaving in class...

The nicknaming of Los Angeles

The nicknaming of Los Angeles continues with Robert Campbell's recent mystery, "Alice in La-La Land," the Los Angeles

well feature machines that are better than humans in almost every way, saving only in imagination, ethical standards and the vital will to resist."

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in Central Park. She sees a psychiatrist. She takes cabs, not limousines, from her apartment near the Metropolitan Museum of Art to her office near St. Patrick's Cathedral. For years she has been escorted by a wealthy industrialist, Maurice Tempelsman.

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30 Years to Unmask Pedophile Preacher

By Ronald Smothers New York Times Service

ROANOKE, Virginia — For nearly 30 years, an evangelist preacher traveled the Southeast shouting to worshippers about fire and brimstone. For much of that time, he whispered to boys about sexual pleasure.

Last month the self-ordained preacher, Tony Leyva, 42, pleaded guilty here to federal charges of criminal sexual activity that he said involved up to 100 boys.

Now the victims, their families and law-enforcement officials are left with bitter questions: Why did this go on so long? Where can they go for help? How can they restore the faith they once had in God and in man?

"This has been going on for years and there ought to have been some mechanism so that police from state to state could know about complaints about sex offenders," said the father of a southeastern Alabama boy who was molested by Mr. Leyva four years ago.

As the case illustrates, pedophiles such as Mr. Leyva can often hide in plain sight for years, deflecting suspicions and evading detection despite numerous complaints, both informal and to the police in various towns.

The preacher rarely remained any place more than a week or two, and investigators said Mr. Leyva's mobility hobbled their ability to build a case against him.

But his status as a minister also may have contributed to lax investigations and increased an official desire to handle such accusations quietly.

The case illuminates the Manichaean universe of Pentecostalism in which the minister is paramount and the forces of good and the forces of evil are personified and actively warring in the world.

Accusations, even if they were made to the police, were often condemned from the pulpit by Mr. Leyva as the devil's work.

"He had such personality and contact that he could always talk his way out of it," said Louis Scheuch, a retired minister from Port Orange, Florida, who said that he broke off his association with Mr. Leyva 11 years ago as the rumors of his activities increased.

The victims themselves, as is typical in abuse cases, were often people who either from shame or lack of assertiveness did not make a complaint.

"I didn't say anything because I thought I was the only one," said one 18-year-old, who said he was molested by Mr. Leyva five years ago. "I was scared. I was so young."

Edwin R. Leach, an assistant commonwealth's attorney in Roanoke County who won a conviction against Mr. Leyva in September, said, "Tony Leyva knew how to pick a victim — troubled boys from rural areas who were naive."

"The first time he met my son," said a divorced mother of a 14-year-old Florida boy whom Mr. Leyva has admitted sexually abusing in 1987 and 1988, "he asked him if he had a daddy. After it all ended, my son told me that he didn't tell anybody because he figured he would put up with the little bit of the bad with Tony so that he could have the good."

Many of the victims come from poor families and have complained about the lack of publicly financed counseling services available to them.

"My son is hollering for some kind of treatment and I can't afford it," said one victim's mother, Jennie Montgomery, the assistant U.S. attorney in Roanoke who worked on the case, said the young man whose complaint about Mr. Leyva led to the investigation has tried to commit suicide, has no job or job training and is unable to return to his family.

She said she briefly considered charging the youth with a minor crime so that he would be eligible for counseling.

Mr. Leyva and two associates who also pleaded guilty, meanwhile, are in a federal prison psychiatric unit in Butner, North Carolina, receiving psychological evaluation prior to sentencing, which is expected early next year.

The National Center for Missing and Exploited Children was to meet Tuesday with victims and officials from a number of states to coordinate the delivery of counseling and other services.

On Oct. 11, Mr. Leyva, and his two associates pleaded guilty to federal charges of conspiracy and several counts of interstate transportation of male minors for purposes of criminal sexual activity and prostitution.

The two other men, associates in the Tony Leyva Evangelical Association, based in Columbus, Georgia, were Edward Rias Morris, 47, who was Mr. Leyva's organist, and the Reverend Freddie H. Herring, 49, who was vice president of the association and once had a church in Douglasville, Georgia.

On the eve of the pleas, prosecutors assembled 30 young men ranging in age from 14 to 34 years old to testify that they had been sexually abused by Mr. Leyva or his associates as recently as March 1988 and as long ago as February 1969.

Mr. Leyva estimated that he had engaged in various sexual acts with as many as 100 young boys in his career as an evangelist. But law-enforcement officials, noting the length of time that his ministry spanned, speculated that the real number was at least 800.

Because of a plea bargain agreement, the guilty plea could mean a 20-year sentence rather than the 65-year sentence that the original eight-count indictment carried.

In interviews with parents and the victims, granted on the condition that their names not be used, Mr. Leyva was described as a man with a flair for publicity who filled the pews of his revival meetings often by dressing in a Superman outfit and calling himself "Super Christian." He wore white suits and rode in a dark blue Cadillac limousine with ice-blue interior.

One victim, interviewed in a tiny trailer up a rutted road in the hill country outside of Roanoke, clutched his girlfriend's hand as he told what Mr. Leyva had done to him in a motel room five years ago and the secret feelings he had lived with since then.

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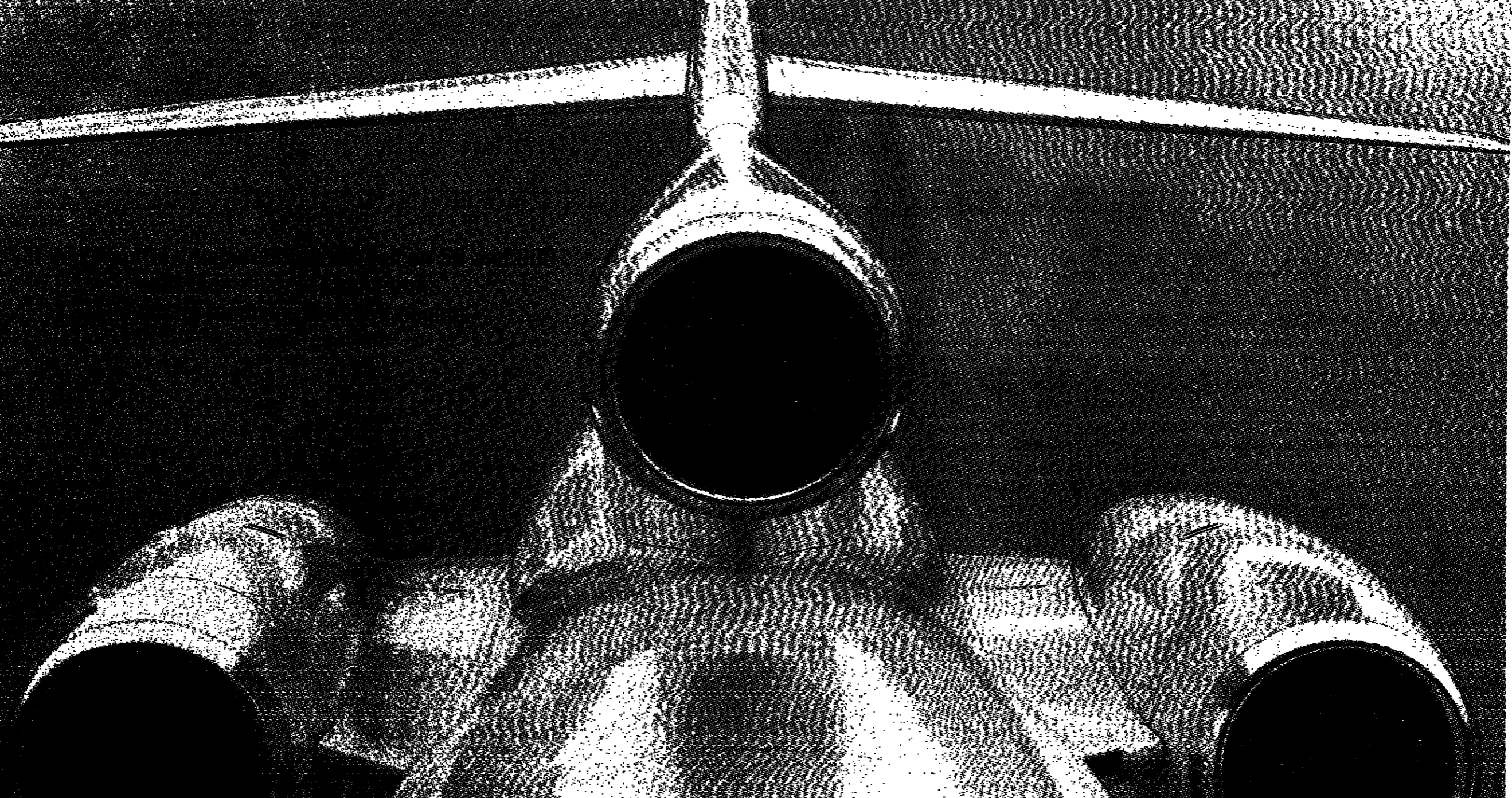
PARIS — A 12-year-old girl was run over by at least 20 cars after she was hit while trying to wave down drivers to save her father injured in a highway accident, police said.

Tax Rise Needed, Says House Aide

WASHINGTON — The incoming chairman of the House Budget Committee says tax increases will be needed next year to make legally required cuts in the federal deficit, despite President-elect George Bush's stance against raising taxes.

Monitor's Editor Resigns in Boston

BOSTON — The editor of the Christian Science Monitor has resigned, saying her decision was in part a protest of a plan to trim the size of the church-owned paper and "drastically cut" its staff.



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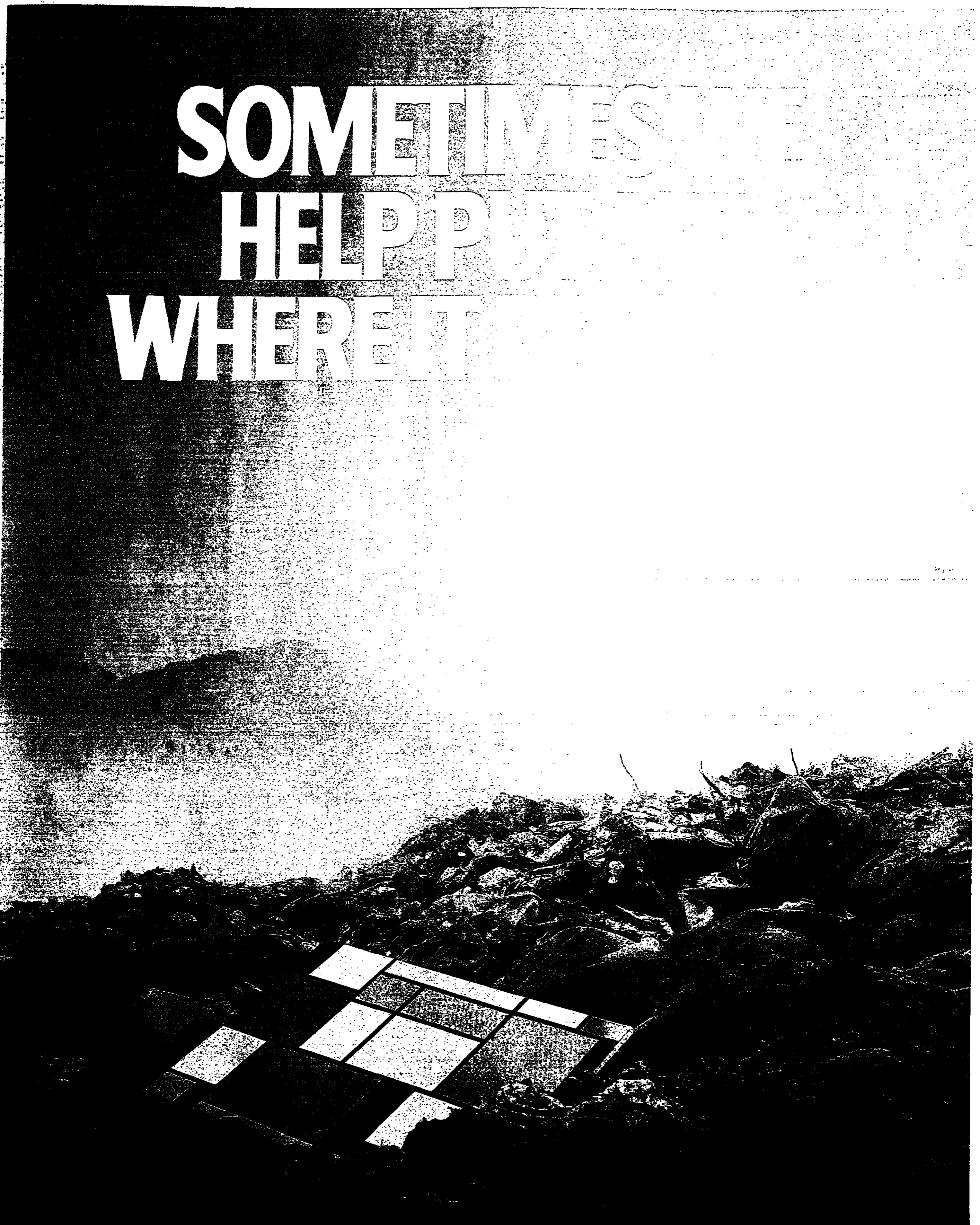
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Namibia Agree

worked throughout his... in office on a peace... The tentative agree... Tuesday left unresolved... the U.S.-backed rebel... led by Jonas Savimbi... tion of an internal poli... ment ending Angola's... civil war.

Mixed Reaction

News of agreement on... independence and... withdrawal from Ang... hailed by liberal Sou... and diplomats on... greeted with caution... Reuters reported from... "That is some of the... I've heard in years,"... lin, a senior member... ca's Progressive Fed... will make a fundamen... to the whole political... southern Africa.

But Foreign Minister... said it was not yet... whether the agreement... of Geneva would be... South African govern...

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The Daily Source for International Investors

Pretoria's Longest Political Trial Is in Final Phase

By William Claiborne
Washington Post Service

PRETORIA — As judgment began in the longest-running political trial in South Africa's history, a provincial Supreme Court Justice revoked bail on Tuesday for eight blacks who are charged with high treason.

The eight are accused of conspiring to make the country ungovernable in the months leading up to the outbreak of civil unrest in 1984.

The decision is expected to be significant because it may determine whether the United Democratic Front, South Africa's largest anti-apartheid coalition, will be outlawed like its banned ally, the African National Congress, for having plotted to overthrow the government. The UDF is already severely restricted under the 40-month national state of emergency.

As he began reading a 1,521-page verdict in the three-year "Delmas-Tressan Trial," Justice Kees van Dijkhorst made it clear that he regarded the UDF as being responsible for the violence that swept through Sharpeville and other black townships southwest of Johannesburg in 1984 and spread throughout the country.

The reading of the judgment is expected to take several days. The verdicts on the 19 defendants, who include senior UDF officials, will not be known until the end.

In addition to treason, which is punishable by death, the defendants are charged with sedition, terrorism and murder. The murder charges stem from the wave of violence that swept through black townships, although the accused are not charged with participating individually in the killing of anyone.

Justice van Dijkhorst said that the UDF, which has more than 750 affiliate organizations, launched a campaign against black township councils that inevitably led to an outbreak of violence that was calculated to make South Africa ungovernable.

In remarks which, coupled with his revocation of bail, seemed to point to convictions on at least some of the charges, the judge said, "No holds were barred. The attacks were stinging, vituperative and defamatory. It was an effective means of mobilizing the masses and fanning the flames of their anger white-hot."

The basis of the central charge of treason is the allegation that the UDF conspired to overthrow the white minority government by force.

The defendants include the UDF national secretary, Popo Molefe; the publicity secretary, Patrick Lekota, and the former UDF Transvaal Province secretary, Moss Chikane. All three have repeatedly been denied bail and have spent 40 months in jail.

Justice van Dijkhorst said he revoked bail on eight other defendants for reasons that would be

come apparent when he finished reading his judgment. Three of the original 22 Delmas defendants, named after the rural town east of Johannesburg where the trial was held before being moved to the capital, were acquitted when the state completed its case in November 1986.

The stately courtroom in Pretoria's Palace of Justice—the same courtroom where the ANC leader, Nelson Mandela, and his codefendants were convicted of treason in 1964—was packed with more than 200 people, most of them black.

As Mr. Molefe, Mr. Lekota and Mr. Chikane entered the courtroom, the crowd applauded, and a supporter pinned a UDF button on Mr. Lekota's suit. Later, during a recess, he held in his arms his 3-year-old daughter, Nonkululeko, who was born two months after her father was arrested.

Justice van Dijkhorst quoted at length from numerous ANC documents that purportedly prove the outlawed guerrilla organization intended to overthrow the government by force and install a Marxist regime. He then cited evidence intended to prove that the ANC supports the UDF's goals, concluding

that the UDF members, therefore, are "active supporters" of the guerrilla group.

The case was based largely on a mass of material published by the ANC and UDF, characterized by the government as advocating violent revolution, and on speeches by UDF members, including the defendants.

The judge said that in order to convict on treason charges, hostile intent to overthrow the state had to be proved, while sedition does not have to be accompanied by hostile intent. He drew an analogy to the ringing of a church bell which, while not intended to be a hostile act, turns out crowds.

"No freedom can be absolute, not even freedom of speech. The state also is entitled to be protected against the venomous tongue of rabble-rousers," Justice van Dijkhorst said.

The defense contends that the state's treason case relied on extracts from 21 speeches made by 18 people at only nine meetings, and that the UDF helped organize only four of the meetings.

Much of the arguments centered on the question of whether a "freedom struggle" can be distinguished

separately from the notion of political violence. Defense witnesses testified that the freedom struggle was "a struggle for access to power by those who are powerless."

The defendants conceded that the ANC's goal was the overthrow of the government, but they argued that their goal was "the abandonment of apartheid; the ending of white privilege and the extending of the vote to all."

In testimony, Mr. Molefe said the UDF supported a national convention of all races to draft a constitution for a nonracial South Africa.

The defense counsel, Arthur Chaskalson, maintained that the prosecution had to prove attempts to overthrow the state specifically by violent means, and by no alternative means. A nonviolent form of treason had never been suggested in the prosecution's case, he said, although Justice van Dijkhorst said that a person can commit treason without violence, such as in spying.

The dimensions of the trial were enormous: a total of 437 courtroom days over a period of 37 months; 278 witnesses; 27,194 pages of transcribed testimony and 1,556 documents admitted as evidence.



In Pretoria, as the judgment process began, spectators greeted Patrick Baleka, one of the 19 defendants in the longest-running political trial in South Africa's history, as he left court Tuesday.

On Eve of Vote, Pakistani President Appeals for Calm as Troops Patrol

The Associated Press

ISLAMABAD, Pakistan — Troops in armored personnel carriers patrolled cities Tuesday on the eve of national elections, and acting President Ghulam Ishaq Khan made a national appeal for peace during the balloting.

In Rawalpindi, a bomb hidden under wooden carts exploded in a market, killing one person and wounding an undetermined number, officials said.

There was no immediately claim of responsibility for the explosion. The authorities refused to speculate whether it was related to the elections Wednesday.

Mr. Ishaq Khan went on national television to urge voters to go to the polls and to accept the results peacefully. The race is expected to be a close one between the left-leaning populist leader, Benazir Bhutto, and a nine-party conservative alliance.

[A special court in Karachi issued a warrant Tuesday for the arrest of Miss Bhutto's brother, Murtaza Bhutto, according to court sources. Agency France-Press reported from Karachi.

[The arrest warrant charged him in the hijacking of a Pakistani Boeing-720 flight to Kabul and Damascus in March 1981. No other

details of the warrant were immediately available.]

Mr. Ishaq Khan said heavy military and police security would be used to prevent anyone from creating "an atmosphere of fear or danger" in the election. The government said it was deploying hundreds of thousands of troops.

Both the Pakistan People's Party led by Miss Bhutto and the rival Islamic Democratic Alliance predicted victory. No reliable public opinion polls were published.

The election, which is being contested by about 30 political parties, will be the first multiparty poll in Pakistan in more than a decade.

Pakistanis will choose a National Assembly, the lower house of the legislature, on Wednesday and they will vote for provincial assemblies on Saturday.

The election is expected to return the country to its parliamentary system, largely suspended under the former president, General Muhammad Zia ul-Haq. President Zia was killed in a plane crash Aug. 17, and Mr. Ishaq Khan took over as interim head of state. He will name a prime minister when the composition of the assembly becomes clear.

The National Assembly will in turn elect a president, but there are disagreements over the se-

quence of choosing the two top officials.

President Zia ruled under martial law for eight years before holding national elections in 1985 on a nonparty basis. Opposition parties boycotted the polls.

For the election Wednesday, a 25-member international delegation sponsored by the National Democratic Institute for International Affairs will unofficially monitor polling.

The Washington-based delegation said Monday that it was "favorably impressed" by "preparations for the voting and by the openness of the political campaign."

Meanwhile, troops in armored personnel carriers and sandbagged bunkers watched over the southern cities of Karachi and Hyderabad, where nearly 300 people were killed in ethnic violence in September.

Pakistani officials blame terrorist bombings over the past two years on agents of the Communist government of neighboring Afghanistan. Pakistan supports Moslem rebels who are fighting to overthrow the Soviet-backed government.

Investigations are continuing into the plane crash that killed General Zia, as well as the U.S. ambassador, Arnold L. Raphel, and 29 others.

N.Y. Synagogue Gets New Torahs

The Associated Press

NEW YORK — A Brooklyn synagogue that lost boy Torah scrolls in a fire caused by arson has received two replacement scrolls from a Police Department warehouse.

The police said the Torahs, Judaism's most holy objects, had gone unclaimed and unused for years after being recovered from thieves.

"Today is a very special day," Rabbi Hillel David said in accepting the Torahs on Monday.

Rabbi David's Orthodox Congregation Rabbinical Institute Shalom Torah was heavily damaged and five Torah scrolls were destroyed in a fire set on the Sabbath between the holiest days on the Jewish calendar — Rosh Hashana, the New Year, and Yom Kippur, the day of repentance. Two neighborhood boys, aged 12 and 15, were charged with arson in the Sept. 7 fire.

Botha Warns Rightists on Segregation

By John D. Battersby
New York Times Service

PRETORIA — President Pieter W. Botha has warned right-wing whites that they can irreparably damage South Africa's international image if they go ahead with plans to reimpose rigid segregation in townships they control.

He said that such actions, which have been threatened by the Conservative Party, would make it more difficult for him to face leaders of other countries and to ward off the threat of political and economic sanctions, which he acknowledged had hurt South African living standards.

But he promised late Monday that the country would "overcome" the effects of sanctions, disinvestment and the shortage of foreign capital.

Mr. Botha was addressing a

crowd of about 2,000 supporters of his governing National Party in the heart of the Transvaal, the nation's northern province, which is dominated by right-wing Afrikaners.

Last month, the Conservative Party — which is ideologically to the right of Mr. Botha's government — captured control of 60 out of 95 white municipal councils in a nationwide election, in which all races voted separately.

The Conservatives, under the leadership of Andries P. Treurnicht, have indicated that they intend to reimpose segregation at public sites like parks, recreational areas and movie theaters that have become desegregated in some towns with tacit government approval but without repeal of segregation laws.

The Conservatives have also threatened to prevent the government

to reverse legal changes in about 100 towns that have allowed black traders to compete with whites in central business areas.

Mr. Botha said that if the Conservatives had their way, they would "impoverish" these towns and then come running to the government asking to be delivered from economic ruin.

He likened the party's actions to plans by anti-apartheid groups to establish alternative structures at all levels of government.

Addressing the Conservatives, Mr. Botha asked rhetorically: "Have you now also accepted the principle of alternative structures that will create confrontation with the law and the administration of the country?"

Mr. Botha said he intended to proceed with the enactment of a law providing for the selective

opening of certain whites-only residential areas to all races.

But he made no reference to a bill that would bring residential segregation in the rest of the country.

Mr. Botha said his government was committed to peaceful and constitutional change through dialogue. He invited guerrillas of the outlawed African National Congress to lay down their arms and return to South Africa to join in such a process.

Jewish Memorial Desecrated

WIENBADEN, West Germany — Vandals smeared wreaths with excrement at a Jewish memorial site here where ceremonies marking a 1938 Nazi pogrom were held last week, police said on Tuesday.

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ARTS / LEISURE

Neil Simon's Muse Leads to Farce

By Mervyn Rothstein

NEW YORK — "I was going through some difficult times," Neil Simon says. "This marriage I was in was breaking up. My daughter's husband was killed in an automobile accident. It seemed like rough going. And I said I wanted to work, because work is always a cathartic process for me, and I thought it would be really good just to get into a comedy."

Simon is describing the genesis of his new play, "Rumors," a farce directed by Gene Saks that opens here Thursday at the Broadway Theatre.

There is an old theatrical saying that goes: "Dying is easy; comedy is hard." Simon is a variation on that theme. For him, at least these days, comedy is easy; life is hard.

"I wrote about 40 pages of 'Rumors' right after 'Brighton Beach Memoirs,'" he says in his Manhattan hotel suite. "Generally speaking, I think I always start at these plays a couple of years before I actually get to write them. And after having done 'Broadway Bound' I wanted to do something completely different, like Monty Python. I didn't want to continue in the trilogy vein. I didn't see a fourth play in that. And I really was in the mood to sort of go back and write just out-and-out funny, because it's what I felt I needed in my own life. So I thought it would be fine just to go into rehearsal with a comedy, with a farce, even though they are the hardest to write."

Simon, who is 61, seems to have aged little over the years. He looks much as he did 15 or 20 years ago, only more tired. He arrived late

the previous night from his home in California, so jet lag and lack of sleep may be contributing factors.

"Rumors" is Simon's 23rd Broadway play in 28 years — since "Come Blow Your Horn," which began in Bucks County, Pennsylvania, in 1960 and opened in New York in 1961, and not counting things like the female version of "The Odd Couple." He has also written about 20 movies in that time, though many were adaptations of his plays and not quite as much work as an original screenplay. But compared with his first 10 years of writing for television, the "Sergeant Bilko" show with Phil Silvers and "Your Show of Shows" with Sid Caesar, "since then it's been almost a leisurely pace for me."

His last three plays — the semi-autobiographical trilogy he has spoken of, "Brighton Beach Memoirs," "Biloxi Blues" and "Broadway Bound" — certainly showed that there is a lot more to him than punchlines. The new play ran for six weeks in San Diego. It got a lot of laughs, and a lot of reviews.

"This is completely different for me," Simon says. "It's unlike anything I've ever written. It's my first farce. A farce is relentless. There are so many more obligations. It's relentless in its needs for plot twists, and to keep the comedy going."

"I had seen at one point a television show with Peter Shaffer, whom I respect as much as any English-speaking writer, and the moderator was saying to him, 'Why did you write "Black Comedy"?' And he said, because it was a challenge. It was a farce. And so I thought I'd see how far I could go with this thing, because it deals with a great deal of

plot. And I rarely use plot. I use character development. In all other stories, the characters just seem to move to the next place, as if life would have them move. But in the plot in a farce, you move them. The writer's in control all the way.

"The simplest aspect of farce is you need a lot of doors. And you need people to go running in and out of them, just missing each other. Generally speaking, in a farce people are trying to withhold information from other people. I've hardly seen a farce in which that didn't happen."

The reworking of the play, he says, goes with the territory. "Because when I write, let's say, a play like 'Broadway Bound,' I sort of block it out as I keep going, and each scene is almost a little play in itself," he says.

"Whereas with a farce, you have to start right from the top, not even page one, but line one, or you're in trouble. Everybody in the play has to be in trouble. I don't think one could do a leisurely farce. The words seem in opposition to each other. And I found that, whenever the characters were not in jeopardy, I had to make just jokes, and the jokes weren't working, because they didn't have any sound basis.

"And so I had to keep all the characters in jeopardy. I was constantly looking for twists in the development of the plot, and adding more plot. The audience becomes a giant machine that sort of eats dialogue, and eats plot. They want more and more and more of it. And there's no way you can write all that and make it as funny as you hopefully think it is in one draft, or two drafts. So I was up to, I think, the 10th draft."

Saks, who has directed six of Simon's

plays and four of his movies, agrees with him on the nature of farce. "Keeping the ball in the air for a full-length farce is Herculean," he says, "especially with today's sophisticated audiences. It is most difficult and challenging. It tested Neil's ingenuity to a great extent — and boy, he's got a lot of ingenuity. And it was a test of mine, too.

"One has to be alert 120 seconds a minute," he says. "It calls for such radar, because every moment counts, every tiny second is significant. You can't afford to have a wasted lift of an eyebrow."

Simon says the only way he can describe it is that it's very much like an artist doing an abstract painting.

"If you're doing a landscape, you're out there in the country and you know what you're doing — you see the mountains, the trees, the river," he says. "Doing an abstract painting, you can't know exactly what's going to be there. You go by what you feel."

"I remember watching Willem de Kooning painting on a PBS special that Dustin Hoffman was hosting, and de Kooning was painting and talking, and he just seemed to love saying, 'I think I need something there,' and 'I think I need something there,' and finally he had the brush next to the canvas and pulled it away, and he said, 'No, I'm finished.' That's what I felt in this play. One has to come to a reasonable and satisfying conclusion, but it all seemed to go by instinct.

"You find out later that your mind is more adroit than you think," he says. "The subconscious is doing the plotting when you don't realize it." He smiles. "It's called the muse, I think."

Sarah Miles Haunting, but 'Asylum' Fails

By Sheridan Morley

International Herald Tribune

LONDON — Back in 1980 Paul Kember had an award-winning first play at the Royal Court called "Not Quite Jerusalem," which suggested a considerable promise. Nearly a decade later, "Asylum" leaves that promise deeply unfulfilled. The setting is a tacky and rundown Victorian manor home that latter-day generals are keen to close by evicting the patients onto the streets, or into what is euphemistically known as the care of the community at large.

Into its courtyard there arrives a television crew, eager to use the background and indeed some of the more photogenic inmates as part of a pop video designed to restore the career of a fast-fading teenage idol. So Kember's first act is largely about the way that pop-video makers appear considerably more humane than the inmates of an asylum. In his second act, he turns to question the attitudes of society at large toward those who have gone a little dotty, but without reaching any very definite or notable conclusions. At times he appears to be telling us that life even in so appalling and derelict an asylum as this one is better for the patients than life on city pavements or under seaside piers; at other moments he seems to want us to come up with a third alternative, one that has evidently eluded the creator of

a halting black comedy of madness and opportunism.

What makes a visit to the Lyric Hammersmith just about worth-while is the central performance of Sarah Miles, a rare and remarkable actress when given a good director and a good script, neither of which is much in evidence here. As Tilly,

she is channeled in more intelligent theatrical surroundings.

At the Bush, "Heart-Throb" is a 90-minute drama about two women writing letters to a male prisoner. It was originally conceived by the actresses Caroline Hutchison and Anna Mottram and the author Jeremy Seabrook. Since Hutchison's death, her role has been taken over by Emma Williams but the play still stands as a kind of epistolary recital, with the flat-sharing women and the prisoner in his own separate cell only communicating via the post office.

The result is a certain lack of dramatic energy, since all three characters seem often to be engaged in nothing more than their interior monologues; what they have in common is a shared and violent past (the two women had agreed to mug a third for £15) and the ability to deceive themselves at all times about everything.

The smell of stale dreams hangs

heavily over Richard Wilson's production, one that does much to overcome the essentially fragmentary and disparate nature of a play about voices in the dark, men who want vacant possession of women and above all the sustained ability of letter-writers to deceive themselves and each other. Like a poverty-line local version of "The Mists," "Heart-Throb" is about role-playing on the dole and a curious mix of romanticism and social horror.

Tim Flavin, Sally Hughes and Danielle Carson manages on a very small stage to conjure up considerable tap-dancing energy.

It's a musical perfectly suited to that dinner-theater setting, and John B. Hobbs's production (with choreography by Flavin) manages never to mock what is already a loving mockery of the "go out there a chorus girl and come back a star" format.

And finally at a time when new one-man-shows are as hard to write as to locate, a word of praise for Alan Bates who, with his director Gerard Hastings, has cobbled together "A Muse of Fire," entirely devoted to poems and prose about the flames: everything from Miss Havisham to Blake's Tyger and D.H. Lawrence on the fireworks of Florence. Its London premiere this week formed part of a series of AIDS benefits continuing every Sunday night until Christmas at the Playhouse Theatre.

By the way of light relief, out at the Riverside Mill at Sonning there's a breezy revival of "Dames at Sea," the off-Broadway parody of "42nd Street" that first made a star of Bernadette Peters 20 years ago.

It's a show buried so deep in nostalgia that the book often collapses under the weight of its Hollywood and Broadway memories, but the Jim Wise score is still a treat, and a strong cast headed by



Philip Bosco and Bill Moor in the revival of George Bernard Shaw's "The Devil's Disciple."

Bosco: Shaw's Disciple

By Frank Rich

New York Times Service

NEW YORK — While there are no sure things in the New York theater, the partnership of George Bernard Shaw and Philip Bosco comes close. This playwright and this actor, often in league with the director Stephen Porter, have been an irresistible, nearly inseparable pair for over a decade, whether converging at the Roundabout Theatre (for "Misalliance") or at the Circle in the Square (for "Major Barbara," to name a favorite among many).

Good as Bosco has been in a wide variety of roles during his long career, Shaw seems to bring out the best in him. It does not matter if the actor is playing one of the writer's magistrates or servants or supermen: A facious twinkle lights up his eyes, a droll musicality infuses his chatty comic voice.

In "The Devil's Disciple," at the Circle in the Square, Bosco reunites not only with Shaw and Porter, but also with Victor Garber, who proved a brilliant newcomer to the team two seasons ago in "You Never Can Tell." Once again the work of both stars is exemplary, just as Porter's staging is largely above reproach. But this time the gathering of the most lustrous Shavian ensemble seems a frivolous waste of valuable resources. "The Devil's Disciple" does not work up much comic froth until Bosco makes his appearance, 90 minutes into the evening, in the final scene. A half-hour later, it is time to go home.

Set in the rebellion-torn New Hampshire of 1777 and written in 1896, "The Devil's Disciple" is the first of its author's early "Three Plays for Puritans." Like the contemporaneous (and somewhat more substantial) "You Never Can Tell," it was pitched at the commercial theater of the West End. Shaw was out to concoct a melodrama packed with all of what he called the "stale tricks" of its Victorian prototypes: "the reading of the will, the heroic sacrifice, the court martial, the execution, the reprieve at the last moment."

To elevate a form he regarded as "breadbare," he invented its values. True to "Tale of Two Cities" convention, the play's hero, Dick Dudgeon (Garber), allows the Redcoats to take him away to be hanged when they mistake him for the parson, Anthony Anderson (Remak Ramsay), actually intend-

ed for execution. But the devilish Dick, a gleefully unashamed reprobate in an insufferably sanctimonious community, sees himself as a cynic and realist rather than a martyr. He scoffs at anyone who would sentimentally ascribe his sacrifice to noble or romantic motives.

Intellectually intriguing as Shaw's subversion of melodrama may be, the play is generally more interesting to contemplate than to watch. As Eric Bentley long ago wrote, "the dialogue of the first two acts might almost have been written by anybody." Although those two acts, both presented before intermission, are painless and pleasant, time has robbed the melodrama of its pulpy kicks and the dialectical underpinnings of their novelty.

Amusing as it is to watch the sardonic, cocky Garber mock his Puritan family and neighbors, the line of comic attack grows repetitive and soon vanishes in the mechanical swirl of events. When Bosco rides in for the rescue later on, he does so as the gentlemanly British general Burgoyne. While the character bears the name of the commander doomed to surrender to the rebel forces at Saratoga, Shaw gives us a man who, as his prankish stage directions have it, is "witty enough to write successful comedies."

As Burgoyne takes time out from adjudicating Dick's fate to digress

urbanely about the incompetence of his own army and King George's London bureaucracy, "The Devil's Disciple" finally passes as witty enough to be the invention of a writer of successful comedies. Perhaps Porter could have made more of the play's earlier action if he had encouraged Garber to reveal the tragic, fanatical side that Shaw claimed to see in his hero.

Yet Garber's at once dashing and insolent Dick, forever dashing and rejecting female adoration, is so buoyant that one would hate to see his heady charm beclouded by psychological complexity. With the exception of Rosemary Murphy, who is humorless as the pious Dudgeon matriarch, the rest of Porter's cast is also light-footed.

As "The Devil's Disciple" came to its conclusion, a startled woman behind me asked, "Is it over?" She sounded, and not entirely without reason, as if she were still waiting for the show to begin.

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Herald Tribune

Markets Won't Wait

The dollar's quick drop and the stock market's slide fall Vice President George Bush that his plan for reducing the budget deficit isn't credible. Nervous investors want quick and plausible reassurance. The presidential transition period lasts 11 weeks. President-elect Bush doesn't have that long. It is too much to expect Mr. Bush to reverse overnight his firm campaign pledges not to increase taxes. But he could begin to think about and signal policy modifications which, at least at the margins, might raise needed revenue. And, as he recently promised to do, he should start negotiating promptly with Congress.

He has already had to douse one outbreak of market jitters. On Monday, on a beach in Florida, he declared that, contrary to suggestions by one of his advisers, the Bush administration would not want the dollar to decline. And he is expected to fill his top economic policy slots this week with pragmatists like Nicholas Brady for the Treasury and perhaps Richard Darman as budget director. These two men are not frozen to rigid policy positions that have been left open for the president-elect to fill. The bipartisan commission was created by law to devise a mutually acceptable deficit reduction plan. Mr. Bush has said that if it recommends higher taxes, he will ignore it. But it makes little sense to brush it off in advance. Mr. Bush has already had his first warning from the financial markets. He shouldn't wait for a stronger one.

—THE NEW YORK TIMES

Half of Dubcek's Voice

Alexander Dubcek, in his first visit abroad since 1970, praised Mikhail Gorbachev's reforms and warned of a return to neo-Stalinism should the Soviet experiment fail. But, in deference to the neo-Stalinists now entrenched in Czechoslovakia, Mr. Dubcek prudently refrained from reading the most sensitive written sections of his text, a scathing evaluation of his successors. Why the leaders in Prague allowed Mr. Dubcek to leave the country and speak out in Italy remains a mystery. But if they intended to send a message that Czechoslovakia was also heading toward democratic reforms, their actions at home negated their public relations gesture.

Back in Prague, official repression was forthright. Police suppressed what was to have been an open seminar on key dates in the country's sad history, including Mr. Dubcek's role in the flowering of Czechoslovak freedoms, and the subsequent Soviet invasion in 1968. Czech participants were jailed, foreigners were expelled and all concerned were condemned by the Communist Party for plotting "provocation" and "psychological warfare."

—THE NEW YORK TIMES

Canada Would Lose

Even if Americans are numbed by the distortions of their own political campaign, they may be startled to learn how they are currently portrayed by Canadian politicians: as hungry predators, poised to swarm across the 49th parallel and gobble everything in sight. The cutting issue in Canada's upcoming election is Prime Minister Brian Mulroney's free trade agreement with the United States. His challengers call it a sellout, and their emotional appeal has them ahead in the polls. On Nov. 21, voters will decide who is to be prime minister and whether the agreement survives. To void it would devastate neither country but hurt both, and would probably hurt Canadians more.

No two countries trade more with each other — \$150 billion a year — than the United States and Canada. This trade matters more to the Canadian economy because exports of goods and services constitute fully a third of Canada's gross national product, and the United States buys most of them. Trade barriers between the two countries are already low. The new agreement would end virtually all of them over the next 10 years and commit both governments not to raise new ones. This commitment is critically important, given the two countries' history of clashes. Congress has cleared the agreement. So has Canada's House of Commons, controlled by Mr. Mulroney's Progressive Conservative Party, but the Liberal Party, led by the Liberal Party, has not. The Liberal and the New Democratic Party say that if they win the election they will scrap the agreement. If that is intended as a tactic to get a better agreement, it is likely to fail. The original negotiation was long and tough. To try now to get a new agreement more favorable to Canada would hurt head-on with U.S. industries that want more protection.

—THE NEW YORK TIMES

Other Comment

Japan: Co-Leader of Asia?

A recent poll commissioned by the Japanese government reveals that 36.6 percent of respondents in the countries of ASEAN, the Association of South East Asian Nations, view Japan as a potential military threat to this region. While the figure is itself worth noting, more important is the Japanese government's intention in commissioning the poll to find out how Asians today regard Japan. It is obviously related to the question of whether Japan should play a larger political role in the world commensurate with its status as an economic superpower.

Japanese people are mentally prepared for it. In seeking to reduce the budget deficit, the Bush administration may pressure its allies to bear a greater burden for their own security and the security of countries in the regions in which the United States has vital interests. It is not inconceivable that the Japanese government would be asked to help defray some of the costs of maintaining U.S. bases in the Philippines when the lease comes up for renewal before 1991. Japan would be underwriting the U.S. military presence in Southeast Asia. Put bluntly, Japan would be paying the United States to maintain its superpower status.

—The Straits Times (Singapore)

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OPINION

What Kind of a State for Palestinians?

By Nadia Hijab

LONDON — The early hours of Tuesday made L history. The Palestine National Council declared an independent state stemming from Palestinians' right to self-determination and sovereignty over their land. The PNC had previously endorsed United Nations resolution 242, which guarantees the rights of all states in the region. The PNC has thus formally moved beyond its 1968 national charter — which envisaged restoration of Palestine as it was before the creation of Israel — in favor of a two-state solution. But what kind of state is it to be? The declaration of independence spoke for equality for all and against discrimination on grounds of sex, race or creed; no state religion was mentioned. This is a hopeful sign. If it were to fall into the religious, sectarian mold of other states in the region, Palestine would hardly be worth fighting for.

Some may argue that this discussion puts the cart before the horse. There is still a long, hard road ahead for the Palestinians, especially those living under Israeli occupation in the West Bank and Gaza. Although the PLO has now expressed the desire of the Palestinian majority for a peaceful settlement, the majority of Israelis are determined to hold on to part or all of the West Bank and Gaza, and the United States remains opposed to a Palestinian state at present. Yet statehood cannot be an end in itself. It is a means to an end: a society whose citizens enjoy equal rights and opportunities. Israel is not a good example here. It is the state of the Jewish people, and for this purpose Jewishness is defined on religious grounds. Matters of personal status are regulated by religious courts, with the result that in the sphere of family relations, Israeli women are in some respects second-class citizens. It is clearly dangerous to build a country around a religion, even in states in which every citizen is of the same religion. And, of course, not all Israelis are of the same religion. Israeli Arabs are classified as citizens of the state, but only Jews have Israeli nationality. The law of return entitles any Jew in the world to go to Israel and become a national, but not the indigenous Palestinians. A Jew in America has more rights in Israel than an Israeli Arab. If the new state of Palestine is to be for all its citizens, it must distinguish between religion and the functioning of the state. It must be secular. The inability to find a secular alternative has cost the state of Lebanon its life. So far, Christian and Moslem Palestinians have worked side by side. With statehood, many Palestinians will want to ensure that the definition of who is a Palestinian is not allowed to become exclusive to ethnic or religious grounds, and that it still includes those Jews who wish to live as Palestinians — as real neighbors, and not as occupiers.

In addition to being secular, the new Palestinian state should be democratic. At present, the institutions of the PLO provide for a fair degree of democracy. Whatever its faults, one of the PLO's strengths is that it encompasses leftists, rightists, secularists, Communists, Islamic fundamentalists. The declaration of independence provides for freedom of opinion, a multiparty system and majority respect for minority rights. The PNC has provided for the establishment of a provisional government when it is deemed suitable. At that point the PLO departments will become ministries and the guerrilla groups will become parties. Will these changes be enough to structure a new state? Or will the Palestinians find themselves in the situation of the Algerians, who, 26 years after independence, are questioning the wisdom of being led by the party that waged the struggle for National Liberation Front. Who is now being liberated from whom? The Palestinians, with a state declared but as yet unborn, have the opportunity to introduce a new element into the region: a secular democracy that works, in which all citizens are equal. This is a challenge as great as winning the state.

The writer was editor of the London-based monthly The Middle East from 1981 to 1984 and is author most recently of "Womanpower: The Arab Debate on Women at Work." She contributed this column to the International Herald Tribune.

NATO and Bush: For Trans-Atlantic Dialogue

By James Eberle

LONDON — We in Britain are approaching a very delicate period in our relations with both the United States and our European allies. A cementing force of the Atlantic alliance has always been the threat of Soviet attack against Western Europe. That threat is widely perceived to be dwindling. While the "barbarians at the gates" are not the only basis for the Atlantic relationship, European leaders and President-elect George Bush will want to plan carefully for the developing situation in which, to many people, the barbarians look a great deal less fierce. The visits of Margaret Thatcher and Helmut Kohl to Washington are concentrating minds sharply on two major issues facing the incoming administration: how to approach America's "twin deficits," and how to interpret the needs of American and West European contributions to Atlantic security in the face of Mikhail Gorbachev's blandishments. These problems are not unconnected. For, despite Mr. Bush's campaign commitment to a "strong defense," there will be pressure for a cut in U.S. military spending to reduce the budget deficit.

It is argued that the North Atlantic Treaty Organization has succeeded in containing Soviet ambitions in Europe and bringing the Soviets to arms negotiations. But even to maintain the status quo on defense is requiring levels of spending that governments are increasingly reluctant to meet. To insist on keeping defense policy and posture unchanged when almost everything else on the international scene is changing — including the public perception of the Soviet threat — may well alienate public support for defense. Can Western governments agree to a new strategic approach? The portents are not good. Calls for a new study by a group of "wise men" have not been well received. NATO has not yet agreed on a strategy for arms control. Just because the issue of "burden sharing" with America's allies did not feature strongly in the U.S. election, Europe should not assume that it has gone away. The new Congress is unlikely to ease pressure for a more equitable division of responsibilities between Europe and the United States. We Europeans must point out that risks as well as burdens need to be shared, and recognize that a difference exists between the U.S. commitment to European security and the way that commitment is implemented at any given time. Our American allies need to have a better understanding of the contributions European countries are making, and better recognition of the political sensitivities, particularly in Bonn, of issues such as the modernization of short-range nuclear arms.

If Mr. Bush is to avoid arousing suspicions of unilateralism, he needs to show that he cares about the views of his allies, and he must strive to develop common positions. The NATO Council meets in London in June, possibly at the head-of-government level. Mrs. Thatcher's inclination will surely be to support Mr. Bush strongly in calling for the European allies not to "drop their guard," even if this means spending more on defense. She will point out that it will not soon be clear whether changing concepts in Soviet military doctrine are to be matched by changes in Soviet force structure and dispositions. This reminder will not be popular with some of her European colleagues, who want to reduce their defense costs through arms control. Many people will see Mrs. Thatcher's enthusiastic support for Mr. Bush on defense issues as another indication of a lack of British commitment to the ideals of European union. This could further erode Britain's influence in the construction of Europe. If Britain's position and influence in Europe weaken, so would the sound of Britain's voice in Washington. But if Mrs. Thatcher were to be seen in the United States as not fully supporting a new president who has an overwhelming mandate to maintain a strong defense, the pressure in Congress for U.S. force reductions in Europe might become irresistible. The Bush administration might be tempted to look for early, bold international initiatives to mark its character, but now is not the time. Rather, NATO needs to reinforce the trans-Atlantic dialogue on how to concert its policies toward the Soviet Union. Britain must not be seen to be sitting on the fence between America and Continental Europe. If the "European pillar" is to strengthen NATO, not weaken it, Britain must play a leading role in promoting European defense cooperation. Practically, this means strengthening London's defense relationships with Paris and Bonn.

Admiral Sir James Eberle is director of the Royal Institute of International Affairs. He contributed this column to the International Herald Tribune.

NATO and Gorbachev: Stalling Won't Be Enough

By Andrew Mack

STOCKHOLM — It is nearly a year since the INF treaty eliminating intermediate-range nuclear missiles was signed, but the defense debate in Europe seems as confused as ever. Within NATO there are intense disagreements over what direction conventional arms control should now take. History provides few grounds for optimism. Since 1973, NATO and the Warsaw Pact have argued fruitlessly about conventional arms control at the Mutual and Balanced Force Reduction (MBFR) talks in Vienna. This year a new forum, the Conventional Stability Talks (CST), has been established with a mandate to eliminate inequalities in rival forces. A substantial shift in Moscow's approach to the military confrontation in Europe provides a glimmer of hope that CST might just succeed where MBFR so dismally failed.

Earlier this year, Mikhail Gorbachev declared Moscow's willingness to exchange data on military forces with NATO and to permit on-site inspections by the West to ensure that the Soviet-supplied information was correct. Although the East's refusal to provide such data had long been a stumbling block in the MBFR talks, the U.S. State Department rebuffed the Soviet offer, describing it as a "fruitless" exercise. Far more radical than willingness to provide military information is Moscow's proposal that conventional forces be restructured on strictly defensive lines — that they be incapable of landing and occupying an opponent's homeland. This is a major change because Soviet conventional units in Europe, unlike those of NATO, have always been configured for highly offensive operations. In World War II, the U.S.S.R. lost millions of men fighting a defensive war of attrition on Soviet soil. After the war the Soviet military adopted a blitzkrieg strategy for Europe. In the event of war, Soviet armor would strike rapidly forward across the central front, destroying NATO forces on NATO soil and seeking to reach the Atlantic coast to block reinforcements arriving by sea from the United States.

For such an offensive strategy to succeed, the offense must have a considerable force-ratio advantage over the defense. That is why the Warsaw Pact has a large advantage in main battle tanks and in artillery pieces. Preparing to fight offensively should war break out does not necessarily indicate aggressive intent. But the fact that offensive forces can be used for aggression, as well as in response to aggression, is a major cause of strategic instability. Offensive force postures exacerbate mutual suspicion, create rationales for arms races and provide incentives to shoot first in crises. Such postures increase the risk of war by inadvertence — the only plausible cause of war in the nuclear Europe of the 1980s. Defensively oriented forces reduce suspicion, facilitate arms control and remove incentives for pre-emptive war. If Moscow is serious about taking a truly defensive stance, its forces will have to be radically restructured. Mr. Gorbachev's government now claims to accept this and concedes that "asymmetrical reductions" in its military units will be needed. NATO wants large cuts in Soviet tanks and in other weapons that can be used to seize and hold territory. Moscow says it is prepared to accept unequal reductions in armored forces, but in return it wants cuts in NATO's offensive systems, particularly in nuclear-capable attack aircraft, a sector in which the Soviet Union claims that NATO has an advantage. NATO's response to these Soviet demands has been negative. Indeed, NATO often gives the impression of expecting all the concessions to come from Moscow. Yet it is surely in the West's interest to make NATO's stated goal of eliminating the capability for surprise attack a reality. Mr. Gorbachev's proposals are an encouraging start. But if NATO's objective is to be realized, the West will have to give up some of its offensive force, especially the so-called "deep strike" systems. It is possible that Moscow's public enthusiasm for defensive strategies and force structures is a bluff. But bluffs can easily be called. And it should be remembered that the Soviets were not bluffing when they agreed to asymmetrical cuts in intermediate-range nuclear weapons. It is also possible that Mr. Gorbachev may be unable to deliver the goods. There is powerful opposition in the Soviet armed forces to his advocacy of a defensive strategy. But NATO obduracy and stalling would only serve to strengthen Mr. Gorbachev's traditionalist military opponents. It would be a tragic waste of opportunity if genuine progress at the CST negotiations were to be stifled simply because intra-force dissensions made NATO unable to respond positively to Moscow's new proposals.

The writer, head of the Peace Research Center at the Australian National University in Canberra, has been visiting Europe to study security issues. He contributed this column to the International Herald Tribune.

Before a Moscow Rights Conference

By Jeri Laber

NEW YORK — Andrei Sakharov's visit to the United States, his first trip abroad, is a forceful demonstration of the liberalization that has taken place in the Soviet Union under Mikhail Gorbachev. The visit has also helped focus attention on continuing problems in the U.S.S.R., in particular on several hundred people who remain imprisoned, many of them for having expressed views similar to those of Mr. Sakharov or for having engaged in activities that would be thoroughly acceptable in the U.S.S.R. today. In the short time since he was restored to favor after six years of internal exile, Mr. Sakharov has consistently been bringing about release of the remaining political prisoners in his country. Achievement of this goal now seems increasingly likely, but only if the governments of the West maintain pressure on this issue and do not allow it to evaporate in the aura of détente. The issue of Soviet political prisoners is blocking conclusion of the 35-nation Helsinki Review Conference in Vienna. The Soviets want approval of their proposal to hold a human rights conference in Moscow in 1991. Most of the Western delegations, led by the United States, have refused to consider the possibility of such a conference unless all of the remaining political prisoners in the Soviet Union are released. Their demands have had considerable success. Since January 1987 the Soviet Union has released about two-thirds of its 750 known political prisoners. Recent announcements that Soviet officials plan to release "all persons regarded in the West as political prisoners" confuse the issue. The promise apparently affects less than 50 of approximately 250 known political prisoners — those whom the Soviet government acknowledges as "political." There remain some 200 others whom the Soviets refuse to recognize as political prisoners. Among them are some 60 people in psychiatric hospitals for what appear to be political reasons, and another 30 or so who the Soviets claim are common criminals but who were sentenced on trumped up charges for "crimes" such as "parasitism," or for the loosely interpreted offense of "disturbing public order."

The Gorbachev government's recent initiatives with regard to human rights have been impressive, giving good reason to believe that further releases may be in the offing. The government is involved in major legislative reform. It has promised the further easing of emigration procedures, and to restore the blank spots in Soviet history. There is greater openness in the press. A multitude of independent citizens' groups have been allowed to function, and some public demonstrations, albeit under very restrictive controls, have taken place. There is even a possibility that psychiatric hospitals and prisons may be opened to foreign inspection. Seen in this context, the proposal to hold a human rights conference in Moscow seems far more appropriate now than when it was first suggested. And the fact that the Soviet government is so eager to host the conference provides the West with some leverage on the issue. Some suspect that the Soviet Union will merely use a human rights conference in Moscow to enhance its image in the eyes of the world. They fail to see that the focus of Mr. Gorbachev's "new thinking" is more domestic than international.

Although many of the new policies have far-reaching international consequences, Mr. Gorbachev's main imperative is to alleviate the economic and social crisis in the Soviet Union by stimulating creativity and initiative in the Soviet people. He understands that Soviet society must be released from the pervasive fear that has inhibited its people from experimenting from taking chances, from rising, from possibility of being wrong. He has to assure them that their freedoms will be protected. A human rights conference held in Moscow would help validate Mr. Gorbachev in the eyes of his own people. A Moscow human rights conference would also give the Soviet people a forum for discussing their government's past, present and future human rights practices. It would allow an infusion of Western ideas and values, including the concept that respect for human rights cannot merely be legislated from above but requires the active participation and vigilance of private citizens. Those of us who sincerely wish to see a new human rights era in the U.S.S.R. would do well to remember that there is a moral responsibility to restore their freedom unconditionally and to exonerate them from the charges under which they were sentenced. The Soviet leadership has come a long way. With continuing pressure we can achieve the best of both worlds: the release of the prisoners and a Moscow conference. The writer is executive director of Helsinki Watch. He contributed this column to the International Herald Tribune.

Democrats Will Need A Winner

By Tom Wicker

NEW YORK — Was it a mere "tactical defeat" that resulted primarily from Michael Dukakis's failure until the last two weeks of the U.S. presidential campaign to stand up and fight for a party and a cause that might otherwise have won? Or was it, instead, another in a string of defeats for "liberalism" caused by the Democrats' failure to concede that the United States has succumbed to "conservatism"? These are the competing analyses most often heard in the aftermath of Governor Dukakis's defeat, the fifth for the Democrats in the last six presidential elections. But both arguments reflect preconceived ideas held as strongly before the election as after, in my judgment. Mr. Dukakis lost not just because he was a liberal and not just because he was a poor campaigner, though he was both. He lost because he was the wrong candidate. "Tactical defeat" means have a reasonably good case — that the Democrats gained in the House and the Senate, took 58 percent of the votes in congressional races to 54 percent for George Bush in the presidential election, and lost the latter primarily to Willie Horton and the Pledge of Allegiance, rather than to ideological conservatism. Mr. Dukakis ran best when he defended himself and asserted his liberalism; had he done so from the start, he might even have won. "Liberalism-firsters" point out, however, that even after a national convention in Atlanta and with a ticket composed of a Southerner and a liberal who tried for months to run from the label, the Democrats carried not a single Southern state — which, in sum, cast 138 electoral votes, or more than half the needed 270. Mr. Dukakis won only 10 states altogether, far too rounding a defeat to have been merely "tactical." The first analysis implies that nothing fundamental needs to be done. The South is not necessary for victory. A winning strategy can be built on Democratic gains in the West and Midwest — in each of which Mr. Dukakis won 47 percent — and the party's strength in the Northeast, where he took just over 50 percent. But that would condemn the Democratic Party to less-than-national status, throw away the huge asset — which also is a responsibility — of the black vote in the Southern states, and cede half of an electoral majority to the Republicans in every election. The other case implicitly demands a more conservative "message" to appeal to voters in the South and to potentially Democratic states now going Republican in presidential elections. This risks the loss of traditional liberal voters, particularly blacks in the South and the major cities of the North and West; of Democratic gains in California (48 percent of the votes for Mr. Dukakis); and of Democratic strongholds like New York. Besides, it overlooks a crucial point: A political party is not a debating society whose "message" — what it says — can be changed or altered overnight or by, say, a 52-to-48 percent vote on some conclusive rollcall. Even if that were possible, it would be futile; the voting public has its own sense of the parties and still would judge them not on manifestos but on deeds and "image" — which means, more than anything, on their candidates. In order to win with any frequency in presidential elections, the Democratic Party does need to do something fundamental; it needs to change the medium of its message; and the medium is the candidate. Democrats must choose presidential candidates who, in themselves, embody and thus effectively deliver a winning message. Such a candidate would need more than television expertise and personal appeal, though both are vital. He or she should not only have to articulate a vision for the country and the practical means for moving toward it; that candidate would have to have the record and the personal capacity — including experience — to make the appeal believable. A successful Democratic candidate in 1992, for example, will need to persuade voters that the self-interest of most Americans, white and black, depends more on economic than social factors. To retain and expand black voting strength, a demonstrably understanding of black aspirations and experience will be necessary. For both purposes, and to refute the pervasive notion that the Democratic Party is becoming a black party, the candidate might best be a moderate Southerner — but much more. The example is not idly chosen, as will be asserted in another column, as will be asserted in another column. The New York Times.

100, 75 AND 50 YEARS AGO

1888: A Longer Term

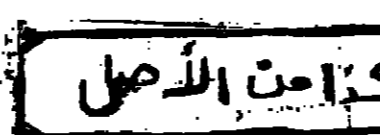
NEW YORK — The Herald's aged proposition to amend the Federal Constitution by increasing the length of the President's term of office and making him ineligible for a second election continues to be the recurrent topic of the political world. The vast importance of lessening the frequency of the quadrennial upheavals came home to both the millionaire merchant and the laborer in the recent campaign, when almost every business interest in the country fell into a temporary coma.

1913: English Air Loop

PARIS — To an Englishman belongs the honor of being the first, after M. Lepout, to "loop the loop," in an aeroplane. At Buc, yesterday [Nov. 15], Mr. B. C. Hicks, piloting a Blériot monoplane, not only executed four somersaults in the air but also flew upside down on two different occasions for the space of thirty and forty seconds, respectively.

1938: Homes for Jews

LONDON — Cooperative action to rescue many thousands of German Jews and give them sanctuary in Africa, North and South America is being considered by the United States, Great Britain, France and certain smaller nations of Europe. The British Cabinet at its weekly meeting will decide to what extent the British Empire, with its vast empty spaces, is prepared to throw open the gates to Jewish immigrants. It is understood that Anglo-American discussions are still in the preliminary stage, and nothing definite can be announced. However, the United States is ready to admit 30,000 to 40,000 refugees, according to the London "Evening News." The British are considering the setting of tens of thousands of Jews in sparsely-populated areas of the Empire, while the United States would be asked to use its "good neighbor" influence with the South American Republics to permit Jewish immigration on a large scale.



OPINION

The Gifts Sakharov Brings: Courage, Clarity and Hope

By A. M. Rosenthal

NEW YORK — Andrei Sakharov arrived in the United States bearing gifts. He dispenses them as he travels about, meeting with Americans interested in the human condition in the Soviet Union. Mr. Sakharov is not aware that he is distributing gifts, which of course makes them all the more valuable.

In New York and Boston and Washington, Americans stand as this Russian physicist who developed his country's hydrogen bomb enters the room. They know he is a man who sacrificed his own freedom for the liberties of others. I think they stand because that is the definition of a hero, perhaps the only definition.

An embarrassing word for Americans: hero. Maybe it is because for so long Americans have not produced them, at least not in peacetime. Most Americans live in the grace of freedom and tend to lose interest in the freedom of others, at home or abroad. We say the name of Martin Luther King, and then there is a terrible long pause.

The first gift was the reminder that heroism is not bounded by nationality. Mr. Sakharov's refusal of his honored position and his sacrifice to be silent before, during and after the years of exile imposed upon him make him as much an American as a Soviet hero. So Americans rise for him and for other heroes of Soviet prisons whose names are not known well — or at all.

Mr. Sakharov is in the United States to refresh everybody's mind that while many Soviet prisoners of conscience have been released, the political cells are not empty. He reminds us that the laws that condemned men and women to decades of bitter confinement just for speaking their minds are still on the books.

Mr. Sakharov has another important goal — to tell Americans that despite his flaws, Mikhail Gorbachev and his plans for reforming the Soviet government are the best hope of those who want more liberty in the Soviet Union.

Mr. Sakharov's second gift is to do with American discussion about the Soviet Union. A strange thing is happening. For 70 years the Communist Party in the Soviet Union ruled by total tyranny — the destruction of all liberties, arrest and murder of millions, slave labor camps, creation of a huge military machine that swallowed a dozen nations. In the end, communism brought utter chaos.

A brilliant leader came along who knows that the system, of which he is an important part, was to be changed drastically. To do that he must persuade intellectuals and workers that as last they are being given a stake in their country.

Mikhail Gorbachev has not made life better economically, but he has permitted freedoms of discussion and movement, unthinkable in the Soviet Union before his time. This is a great accomplishment, but it is only the beginning of the freedom road.

Nobody knows how far Mr. Gorbachev intends to travel along it. He has gathered more and more power into his hands; how much will he return to the Soviet people? Will he make it possible to return to the days of imperialism for thinking out loud? Or will the police power the Communist Party

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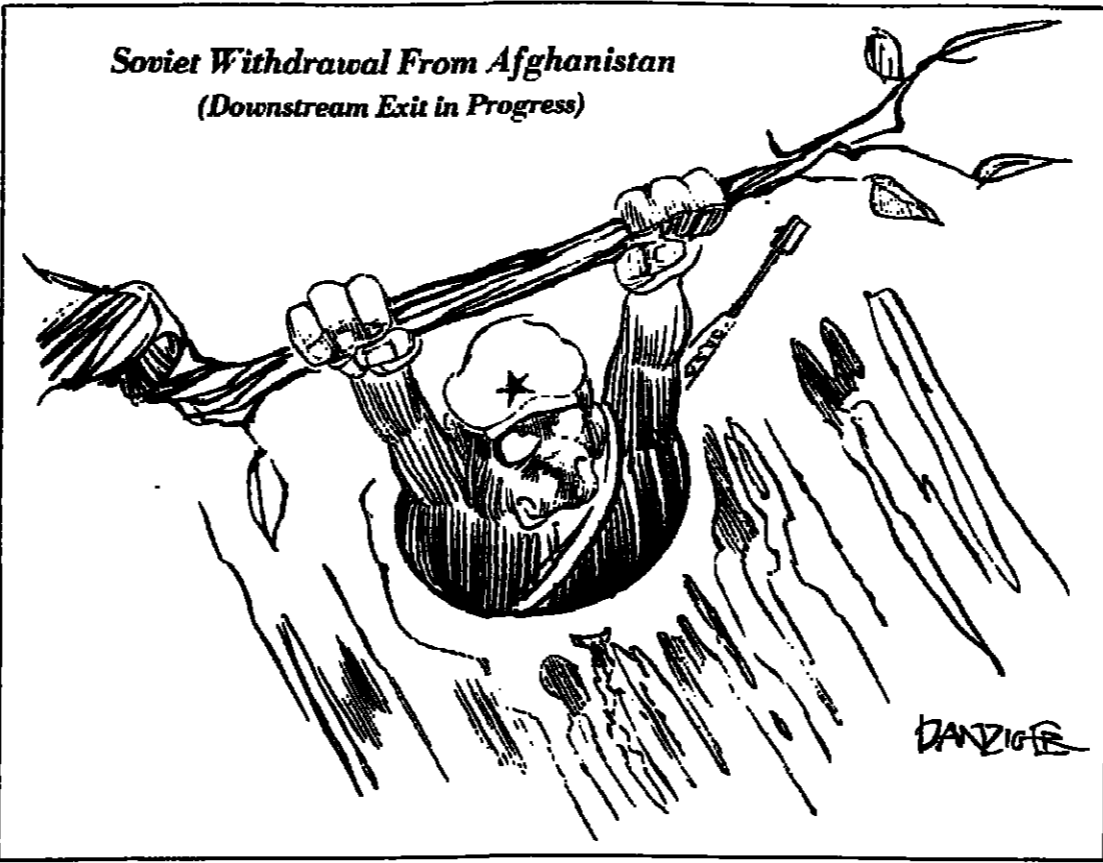
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needs to stay in control remain a threat? The strange thing: When these questions are raised in the United States they are often dismissed by Americans as unpleasant Cold War anachronisms. After seven decades of Soviet despotism, it took just a couple of years of Soviet glasnost to make American specialists regard criticism of Moscow as impertinence.

Mr. Sakharov is convinced of the importance of supporting President Gorbachev. Yet he brings up most of the important questions himself.



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LETTERS TO THE EDITOR

Missiles Enough Already

When Prime Minister Margaret Thatcher meets with President-elect George Bush in Washington on Thursday, she will be asserting British support for the deployment of new nuclear weapons in Western Europe.

Mrs. Thatcher, a keen exponent of the new deployments, is pushing for a NATO summit meeting on the issue in June. What she and other Western leaders fail to consider is the strength of public opposition in Europe to the deployment of new nuclear weapons before the cruise and Pershing missiles already in place have been removed.

According to an independent opinion poll taken last month, 71 percent of the British people (including 61 percent of Conservative voters) want more disarmament negotiations, not more nuclear weapons. And 52 percent say that U.S. nuclear weapons are no longer needed in Western Europe. A Dutch poll found that 63 percent of voters were opposed to nuclear "modernization."

If Mrs. Thatcher is deaf to her public, Mr. Bush should at least take note that many Europeans feel their democracies are made less secure, not safer, by the prospect of being "defended" by still more nuclear weapons.

BRUCE KENT, Chairman, British Campaign for Nuclear Disarmament, London.

Ready for the Right Swap

I keep reading calls from your contributors for Israel to swap "land for peace." They all seem to blame the lack of progress toward peace on Israel's unwillingness to make such a swap. Why not subtly reverse the call to make it "peace for land"? Your contributors might then see who is stubbornly refusing to make the swap. No Palestinian entity or Arab state has offered Israel "peace for land" except one, Egypt. When it did, the swap was made. And yes, by those stubborn Israelis.

GEORGE FORRAL, Hong Kong.

A Message From Namibia

Regarding the report "In Namibia, Jitters in Independence" (Nov. 7):

On March 12, 1987, a mortar shell from the South African Defense Force base close to Pothof secondary school in northern Namibia killed two young girls and wounded seven others. Prior to this, there had been arrests, beatings, shootings of students and teachers, and sexual assaults on girls by South African soldiers. But the March 12 incident was the last straw. Soon after, students, teachers and parents started petitioning the South Africans to move the military base away from the school.

This led to further harassment by the South African Defense Force, and finally, in March, the students at Pothof started a boycott of classes. At two other schools in the north, Omabandu and Ongongo, the students took courage from Pothof and demanded the withdrawal of military bases close to their classrooms. Soon, in a movement spreading from

the "war zone" to the sparsely settled south, students left their schools in sympathy with those in the north.

It was anger and revulsion at the killing and raping of their classmates that brought students out of the classrooms. Students who hunger for education left their schools to say to South Africa, "Leave us alone, we want to be free from your troops."

JOHN EVENSON, London.

Behind the 1938 Crisis

Regarding "Munich 1938: The Lesson About Military Strength Stands" (Opinion, Oct. 21) and "Munich: Two Misconceptions Endure" (Opinion, Oct. 21):

These articles deal with symptoms but fail to consider the causes of the crisis that afflicted Czechoslovakia in 1938, ending in the Munich accord that allowed Nazi Germany to annex the Sudetenland, with its German population. Czech chauvinism against ethnic

Slovaks, Hungarians, Poles, Germans and Ruthenians cannot be forgotten. It was a fact of life in the newly created Czechoslovak state of 1918.

W. K. BORDE, Oberkirch, West Germany.

One Passenger, No Frills

Your delightful story on the lone passenger on British Airways Flight 006 "A Little Tale of Vengeance for Air Passengers Everywhere" (Oct. 27) brings to mind the time in the mid-'50s when I was the sole passenger on a DC-3 flying from La Guardia Airport in New York to Nantucket, Massachusetts. As soon as we were airborne, the stewardess unceremoniously threw a tray bearing a sandwich and a piece of fruit at me, then disappeared into the cockpit. Unfortunately for the hungry 12-year-old I was then, the sandwich was frozen solid, and all my pressing on the call button was to no avail. Who says airline service has deteriorated?

GEORFFREY W. CHAPMAN, Bonn.

Americans' Love of Family: Just Another Pleasant Myth

By Richard Reeves

CORVALLIS, Oregon — So, Nancy Reagan told the Los Angeles Times that she has not talked to her daughter, Patti Davis, for more than a year. What else is new?

There is a reason we Americans feel compelled to talk about "family values." We don't have any — or, rather, we have far fewer than almost any other people.

We Americans are the people who left our parents and grandparents behind in

longer-living Americans. Seven million Americans need such care now, and the number is expected to reach 19 million over the next 30 years. If American experience is a guide, most of that care will not be planned or paid for by their children.

The same is true near the beginning of life. "The times have changed," said a conservative congressman, Donald Sundquist, a Tennessee Republican. "If the 1970s, people like me knew that daycare was a communist plot to brainwash our kids. Now, it's something we see in all the communities of our districts and that people want more of."

Want and need. Many women want the same freedom from children that men traditionally have taken for themselves. Many more need it because they have no men, or have men who cannot earn enough to support their families in the manner they feel they deserve.

The "pro-family" rhetoric of Ronald Reagan and George Bush has not changed the trends of America's restless society. Half the marriages celebrated this year will end in divorce. Two-thirds of the children born this year will spend part or all of their younger years in one-parent families. One in five Americans born this year will be the child of an unwed mother — and the proportion keeps increasing.

Some of those statistics come from a study by Peter Morison, director of the Rand Corporation's Population Research Center. "Fewer and fewer American families conform to traditional stereotypes," he said. "People think they are seeing departures from the norm. But departures now are 75 percent of the norm."

No matter what we say or our leaders think, America, the land of individualism, is about departures. Leaving home and the restraints of family and tradition is more American than apple pie. There is some guilt involved in all of this, of course, so most of us hope the government will do something about it.

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MEANWHILE

Europe to come to the New World. Then we left them behind generation after generation as young men followed Horace Greeley's advice to go West. In those days, "Goodbye" really was forever — you could not reach out and touch somebody on the Oregon Trail.

We are the people who sold slaves as property, breaking up families as a matter of commerce. We are also the people who invented old-age homes, warehousing parents and grandparents to give ourselves more freedom. Americans, for better or worse, will give up almost anything for freedom, including family. The American experience is individual experience.

In Paris, where I lived for a time, you could set your clocks each Sunday by the comings and goings of children and their parents on the stairs before and after dinner with the grandparents. The most astounding thing I could tell my French neighbors about Americans was that most of them rarely saw their children after the day they graduated from high school. After that, it was weddings and funerals and a few holidays — with luck.

We have trouble believing that ourselves. How many of us keep our children's bedrooms as mini-museums, exhibiting stuffed animals and rock posters, in the illusion that the kids will come back — if even for a weekend?

We do love families, at least the idea of them. Many of us, like our president, Nancy's husband, start two of them — or three or four. Soon we will have a new first family, the Bushes, tied closer together than most by inheritance, property and trust funds. But young George and Barbara Bush took off from home the first chance they got, packing a car in Connecticut and heading for Texas.

With all their pro-family Saturday Evening Post rhetoric, the greatest contribution this bunch of Republicans has made to keeping families together has been to make it harder for young people to get enough education and jobs good enough to leave home. Maybe, though, there is more room around the house, since mom is out working to make ends meet.

It is the weakness of the American family, not its strength, that created new "family issues" in this year's political campaigns. The Democratic candidate for president, Michael Dukakis, said more than once that he thought the most important problem confronting the United States was long-term medical care for

To Save the Dream

A acquaintance recently said his 20-year-old son had begun to doubt he would achieve his father's economic success. "I think the American dream is starting to run in reverse," the son said.

He may be right: His generation could be the first in America to end up worse off than its parents. Changes in the economy have reduced the earnings of young workers and undermined their ability to marry and form families.

The nation needs a long-term strategy to build on proven programs like Head Start and the Job Corps, and to repair the social safety net for young families. Investment in children and families is not a luxury. It is a national necessity.

— Marian Wright Edelman, president of the Children's Defense Fund, in Newday.

Table: NYSE Most Actives. Columns: Vol., High, Low, Last, Chg. Lists include stocks like IBM, AT&T, and General Electric.

Table: Market Sales. Columns: NYSE adv. vol., NYSE adv. value, NYSE adv. volume down, NYSE adv. volume up.

Table: NYSE Index. Columns: Composite, Industrials, Finance, Commodities, Total Issues, New Issues, New Highs, New Lows.

Table: AMEX Diary. Columns: Class, Prev. Lists include stocks like American Express and American International.

Table: NASDAQ Index. Columns: Composite, Finance, Insurance, Utilities, Transp. Lists include various market indices.

Table: AMEX Most Actives. Columns: Vol., High, Low, Last, Chg. Lists include stocks like TIE, AHC, and American International.

Table: AMEX Stock Index. Columns: High, Low, Close, Chg. Lists include various market indices.

Table: Dow Jones Bond Averages. Columns: Class, Chg. Lists include Bonds, Utilities, Industrials.

Table: NYSE Diary. Columns: Class, Prev. Lists include Advanced, Unchanged, Total Issues, New Highs, New Lows.

Table: Odd-Lot Trading in N.Y. Columns: Buy, Sales, %/Yr. Lists include various stock categories.

Table: Dow Jones Averages. Columns: Index, Prev., High, Low, Last, Chg. Lists include Industrials, Transp., Finance, Commodities, Total Issues, New Issues, SP 500.

Table: Standard & Poor's Index. Columns: High, Low, Close, Chg. Lists include various market indices.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Such a candidate would need a television expertise and just as much as the other candidates for the county commission. The candidate would need a record and the personal appeal including experience — in an appealing belief.

A successful Democratic candidate in 1992, for example, would need to persuade voters that the candidate is not just a Democrat, but a Democrat who understands the needs of the county.

For both purposes, the candidate would need to be a persuasive speaker. The candidate would need to be a persuasive speaker. The candidate would need to be a persuasive speaker.

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New York Stocks Edge Higher

NEW YORK — Stock prices closed slightly higher on the New York Stock Exchange in sluggish trading Tuesday as players retreated to the sidelines to await the September trade figures following the release of stronger-than-expected economic data.

The Dow Jones industrial average, which fell 1.95 points Monday, rose 12.09 to close at 2,077.17.

Broader market indexes, however, managed only slight gains. The New York Stock Exchange index rose 0.29 to 151.33. Standard & Poor's 500-stock index rose 0.62 to close at 372.13. The price of an average share gained 6 cents.

Advances and declines were about even. Volume fell to 115.17 million shares from 142.90 million traded on Monday.

Analysts attributed the low volume to a lack of players prior to the release of a key economic indicator, the U.S. merchandise trade report. The report, due Wednesday, is widely expected to show a narrowing of the deficit to \$10.8 billion in September from the \$12.2 billion recorded for August.

"Blue chips lead broader market issues because of fear that the market may go down after the trade figures are released," said Rao Chalasani, a market strategist with Prescott Ball & Turben Inc. in Cleveland.

With that precaution, he said, "investors like to stay with safe companies."

Mr. Chalasani pointed to a softening in the dollar, as well as to two economic indicators released Tuesday, as fueling concern among investors. The government reported October retail sales rose 0.9 percent, more than expected, while industrial production rose 0.4 percent during the month, in line with forecasts.

"The latest economic indicators confirm fears that the economy is expanding at a faster rate than the market had hoped," said A.G. Edwards & Sons in St. Louis.

In Tokyo, the Nikkei average of 225 selected issues, which gained 31.33 points to set a record on Monday, surged 308.51 points to close at a new high of 28,823.41.

Brokers said buying, which was triggered by lower domestic interest rates, covered almost all sectors. Strength in the dollar against the Japanese yen also encouraged some buying enthusiasm, they said.

Prime Computer was the most active issue on the New York Stock Exchange, up 1 1/2 to 17 1/2. The company reported a \$20-a-share takeover bid from MAI Basic Four, a computer company controlled by New York investor Bennett LeBow.

Niagara Mohawk followed, unchanged at 12 1/2. RJR Nabisco was third, off 1/4 to 28 1/2. IBM rose 3/4 to 117 1/2. AT&T gained 1/4 to 28 1/4. Among other blue chips, General Electric lost 1/4 to 44, Exxon ended unchanged at 42 1/2, USX edged up 1/4 to 27 and Sears gained 3/4 to 41 1/2. The American Stock Exchange index rose 0.19 to close at 289.59.

Table: 12 Month High Low Stock. Columns: Div., Yld., PE, %H, %L, High, Low, Close, Chg. Lists include various stocks like IBM, AT&T, and General Electric.

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1938: Homes for Job

LONDON — Cooperative housing issues many thousands of new houses in the North and South.

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Tuesday's NYSE Closing

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Continued

Symbol	High	Low	Open	Close	Change
IBM	111.25	110.75	111.00	111.00	+
Microsoft	34.75	34.25	34.50	34.50	+
Apple	28.75	28.25	28.50	28.50	+
Oracle	24.75	24.25	24.50	24.50	+
Unisys	21.75	21.25	21.50	21.50	+
QED	18.75	18.25	18.50	18.50	+
WorldCom	15.75	15.25	15.50	15.50	+
Verizon	12.75	12.25	12.50	12.50	+
AT&T	9.75	9.25	9.50	9.50	+
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INTERNATIONAL FUNDS

November 15, 1988

Quotations provided by funds listed. Not used with the exception of some units based on latest price. The numerical symbols indicate frequency of currencies: (L) - daily; (W) - weekly; (M) - monthly; (Q) - quarterly; (Y) - yearly; (N) - not available.

Fund Name	High	Low	Open	Close	Change
ALMA GROUP	111.25	110.75	111.00	111.00	+
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Be sure that your fund is listed in this space daily. Telex: Matthew GREENE at 613595F for further information.

(Continued on Page 16)

دکتر امت الاصل

COMMERCIAL REAL ESTATE

Survey Highlights Top Ten Markets

"The difficulty with evaluating markets is that certain amounts of concessions are being offered," conceded Steward Forbes, president of Colliers USA. Indeed, the value of free periods, improvements and other concessions can vary from 10 to 25 percent of the base rent in prime locations. But the Colliers survey, based on quoted rents for an AAA tenant's five-year lease, clearly identifies the world's top ten markets.

Tokyo
The survey confirms Tokyo as the most expensive office market in the world — a position that city has held for the past few years. In the central Tokyo areas of Marunouchi, Ohtemachi, Yurakucho and Yibiya, there are virtually no vacancies. The land price for prime office buildings is more than 5 million yen per square meter — if only it were available. Office rents for new tenants have increased by about 12 percent over the past year.

New tenants now expect to pay 13,000 to 18,000 yen per square meter (\$52-75 per square foot) per month, exclusive of electricity and

The overall trends are clear, but when it comes down to details even the experts agree to differ. The Colliers International Property Consultants survey of the top office markets, for example, varies from a similar survey to be released by Jones Lang Wootton, which ranks Hong Kong above Paris.

City. The market has definitively peaked. Canary Wharf, a huge office project in the docklands, is expected to take some pressure off of the City. For now, however, rents remain high; and traditional differences between rents in the City and the West End are diminishing as the West End fills up with the City's overflow.

to location and quality. The average rent for a new, recent or renovated office is about 3,200 francs per square meter per year for prime offices, compared to 2,200 francs per square meter per year in other locations. The active development of outlying areas, particularly La Défense and some of the banlieues, such as St. Quentin en Yvelines and Melun-Senart, should mitigate prices in the future.

Hong Kong
Real estate activity remains high despite the looming deadline for this Crown Colony to be annexed by Mainland China. Shui On Center and Harcourt House on Hong Kong Island, both completed earlier this year, are renting for up to \$23 per square foot.

Overall rents have increased by 21 percent during the past year. Even with some major projects recently completed or nearing completion, demand is expected to remain high in all three municipal districts.

Zurich
Prices went up 30 to 40 percent in the last two years, especially in the Central Business District, where one square meter can now cost from 900 to 1,300 Swiss francs (equivalent to \$300-440 per square foot). In other downtown areas prices run from 600 to 1,000 francs.

"More and more foreign banks are coming to Switzerland," said Christine Raemy of Credit Suisse. In the center of Europe, Zurich is a railway and air hub. Also, a new railway system is bringing in office workers from the suburbs much more easily, as a further spur to downtown office locations.

Many buildings in downtown Zurich have been landmarked. Even if they were to be replaced, severe height restrictions prevail. Finally, Swiss social engineering guarantees that for every office building, a developer must create a comparable number of apartment units.

Many companies are moving their back offices to the suburbs, where prices drop sharply. The city is getting several new buildings, including an office tower. But Ms. Raemy doesn't expect prices there to ease any time soon.

Sydney
Somewhat surprisingly, Sydney has moved into sixth place from 12th in the April 1988 Colliers Survey. Continuing Japanese investment in this relatively small market is clearly raising property prices and rents.

Sydney is also benefiting from its recent emergence as a player in the world capital markets and from Australia's increasingly visible role on the world economic stage. "The financial sector has done well," Forbes noted. "The Asian influence has begun to trigger activity."

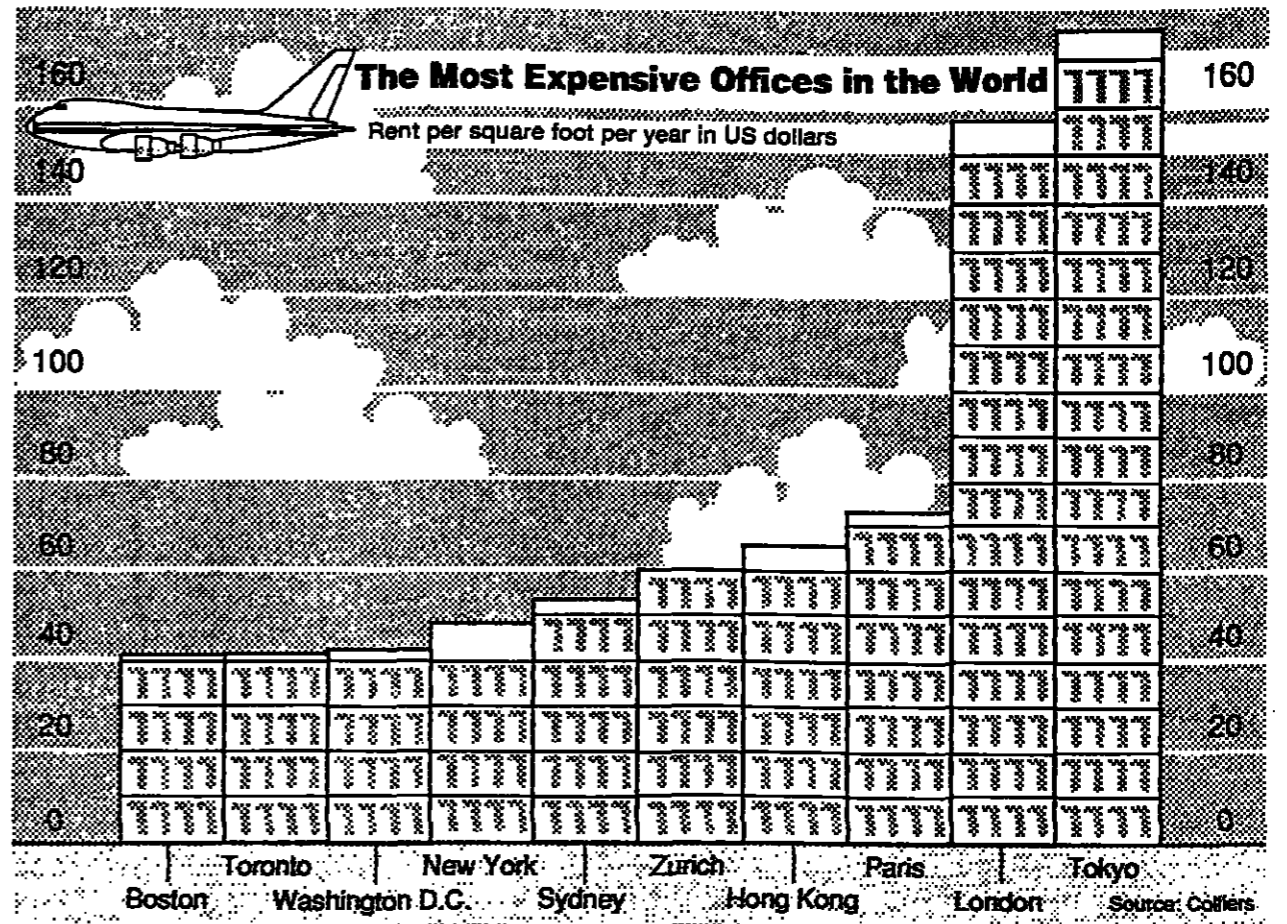
rents in the colony's most prestigious glass towers have increased, on average, by 73 percent, making them the world's most expensive commercial real estate after Tokyo and London.

"The market is so tight, there's not much alternative available," said Pol-Henry Cox, a director of property consultants Jones Lang Wootton. "People will have to swallow those increases."

Cox said companies renewing their leases in the prestigious Exchange Square overlooking Victoria Harbor are now paying rates as high as \$7.70 per net square foot, partly because of the soaring cost of moving elsewhere. A shortage of labor has pushed redecoration costs up some 30 percent in the last year, making a transfer to another building almost as expensive as staying.

Cox added that much of the commercial real estate is being taken up by companies expanding their oper-

See Hong Kong page 12



Recent rent rises in Sydney reflect its growing importance. Rents have increased by an average of 10 percent per year in the last five years, with a 5 percent rise recorded as of June 1988.

New York
Midtown New York continued strength yet, considering the overall cost of living in New York, it is surprising that the city didn't rank higher.

New York rents have increased less in recent years than many other cities. One factor mitigating office rents here is the greater freedom builders have than in London, Tokyo and many other foreign cities. The October Crash also had a downward effect on rent increases.

The Midtown vacancy rate is also approaching the double digits with several new projects coming on the

market, such as Worldwide Plaza. That is only one of the many projects on the West Side. Developers, led on by the success of the Equitable Center, are shifting their sights westward, easing rentals in East Midtown.

The outer boroughs and New Jersey continue to attract back-office workers. Citicorp is moving much of its Park Avenue staff to a building in Long Island City and, last week, Chase Manhattan announced it would relocate 5,000 workers to Downtown Brooklyn.

Washington
Look no farther than the Washington Monument for the reason why Washington has at last entered the ranks of high-priced cities: No building in the District of Columbia can be taller than the 170-meter-high monument. A shortage of developable downtown land is clash-

ing with a regional boom and a recession-proof economy. Development in Virginia and the Dulles area will only partly take up the slack.

Toronto
Like Sydney, Toronto has at last taken its place as a world financial center. Foreign investors, especially Chinese nationals and Hong Kong investors, have been active in this pleasant, clean city. The relative absence of suburban office markets has also helped to push up demand, with rents rising 10 percent per year for prime office space.

Boston
The area's popularity with high-tech companies has encouraged demand, but prices are expected to ease as several major new projects come on line. "We would expect the market to soften," Forbes said. "It already has in the last six months." Steve Weinstein



The high-rise skyline of Tokyo's Shinjuku district.

cleaning charges, according to Jones Lang Wootton. Furthermore, Japanese landlords require interest-free deposits of between two and 2.5 years rent.

London
"The current economic boom, stricter building regulations — the city has all kinds of planning control limits — and scarce land has driven up rents," according to David Shulman of Salomon Brothers.

"London has been very tight," he adds, "but there's a lot of construction under way, particularly in the

Paris
With the election over, signs of recovery and dropping unemployment are buoying the City of Light. While foreign investors, particularly from Japan and the United Kingdom, have shown considerable interest in areas outside the central business district, within the Triangle d'Or the market is tight. Modern or renovated buildings are selling for 70,000 francs per square meter (\$5,900 per square foot), up from 20,000 per square meter in 1983. Rents vary enormously according

Hong Kong Market Tight As Vacancy Rate Hits New Low

The office vacancy rate in Hong Kong's central business district has shrunk to 0.4 percent, the lowest level in about six years.

The experts weren't too excited about Hong Kong's commercial property market when the National Mutual Group bought a medium size office tower near the colony's main business district in January of last year. Even the Australian insurance company itself expected nothing more than 8 to 10 percent growth for its \$53 million investment.

"When we bought this, people were forecasting a glut," recalled regional managing director Terry Jenkins.

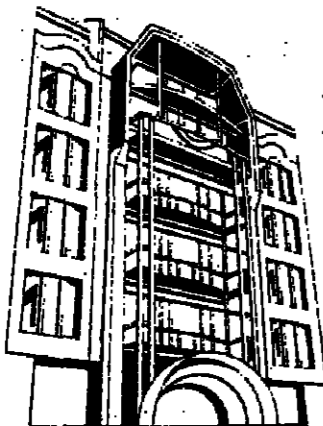
They couldn't have been more

wrong. In September, the building was valued at \$107 million — more than double the purchase price — and it shows no sign of slowing down.

National Mutual's experience isn't unique. Under pressure from a booming economy and a lack of suitable office space, Hong Kong's commercial property sector is soaring, a trend property specialists now say will continue until well into the early 1990s.

Across the board, office rentals have climbed 57 percent since last October's stock market crash and

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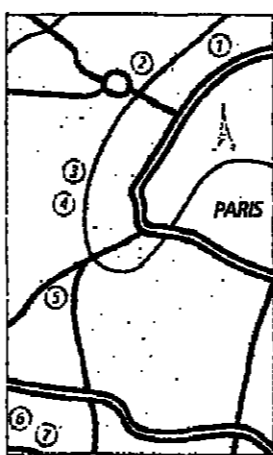
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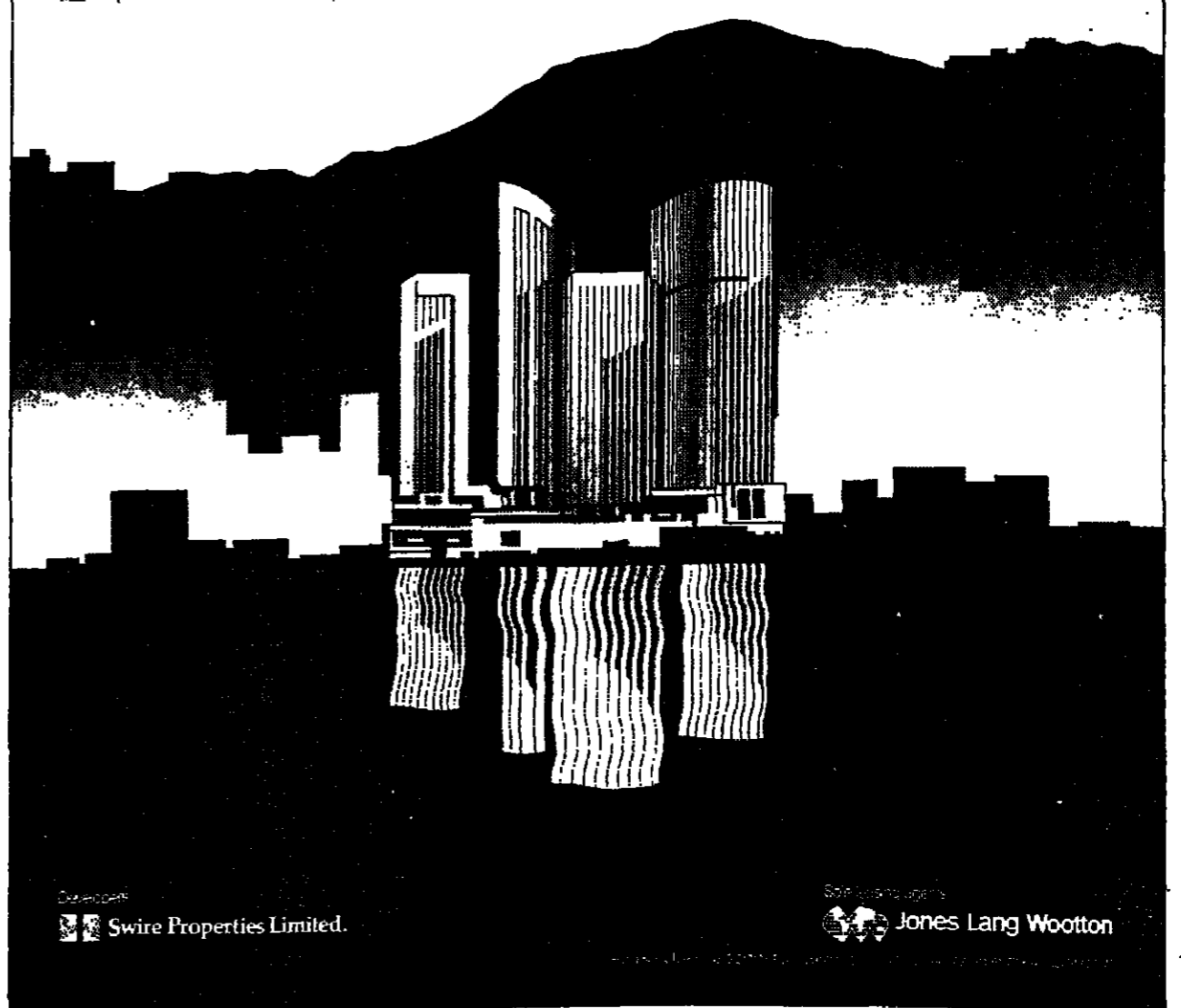
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Boom in Office Rentals Changes Paris Landscape

In recent years, the French economy has been stable and the government favorable to investment. The real estate market has been particularly strong, leading to major changes in Paris, especially along the Champs Elysées.

Fouquet's, the only remaining landmark cafe on Paris's famous avenue, was classified as a historic monument by the Minister of Culture, Jack Lang, on October 19. It was a last ditch attempt to thwart the owners of the Fouquet's building, a

group of Kuwaiti investors seeking to maximize their holding by jacking up the rent to the astronomical norms now accepted by new neighbors, such as fast-food giants McDonald's and Burger King. Will Monsieur Lang

save Fouquet's, well known as a rendezvous for cafe society in days gone by, now a chic restaurant favored by French showbiz execs and well-heeled tourists? The elegant gold and red interiors and exteriors cannot be altered now they are

"classified," but the foreign owners are still fighting for higher rents in the French courts and have announced they intend to sell.

Fouquet's is a well-loved symbol of Edwardian Paris, and for the ordinary citizen the battle had dramatized some harsh realities of the current market climate: the spiraling cost of commercial real estate rents, now touching 4,000 francs per square meter per year (around \$50 per square foot) in the best locations; and the influx of volatile foreign money into the city, with the English and the Kuwaitis in the lead and the Japanese catching up fast.

And finally everyone laments the slide down-market of the Champs Elysées, still included in the so-called Triangle d'Or, the nec plus ultra of Paris office and shopping space, but fast converting to arcades and food parlors whose turnover justifies the high rent. Cinema buildings are being sold and converted. Automobile showrooms have closed down. But McDonald's and Burger King are flourishing, as the high speed RER railway from the suburbs brings a steady invasion of suburbanites out for a good time. Weekends are especially notorious.

All this is the price of success. In three years, 5.25 million square meters of office space have been authorized, against an average of 600,000 square meters annually in the previous 10 years. Average Paris commercial rentals actually moved ahead of New York in 1987 but remain below London and Geneva, according to a survey by International Property magazine. Annual return stood at 7 percent in 1986.

With the opening of the single European market

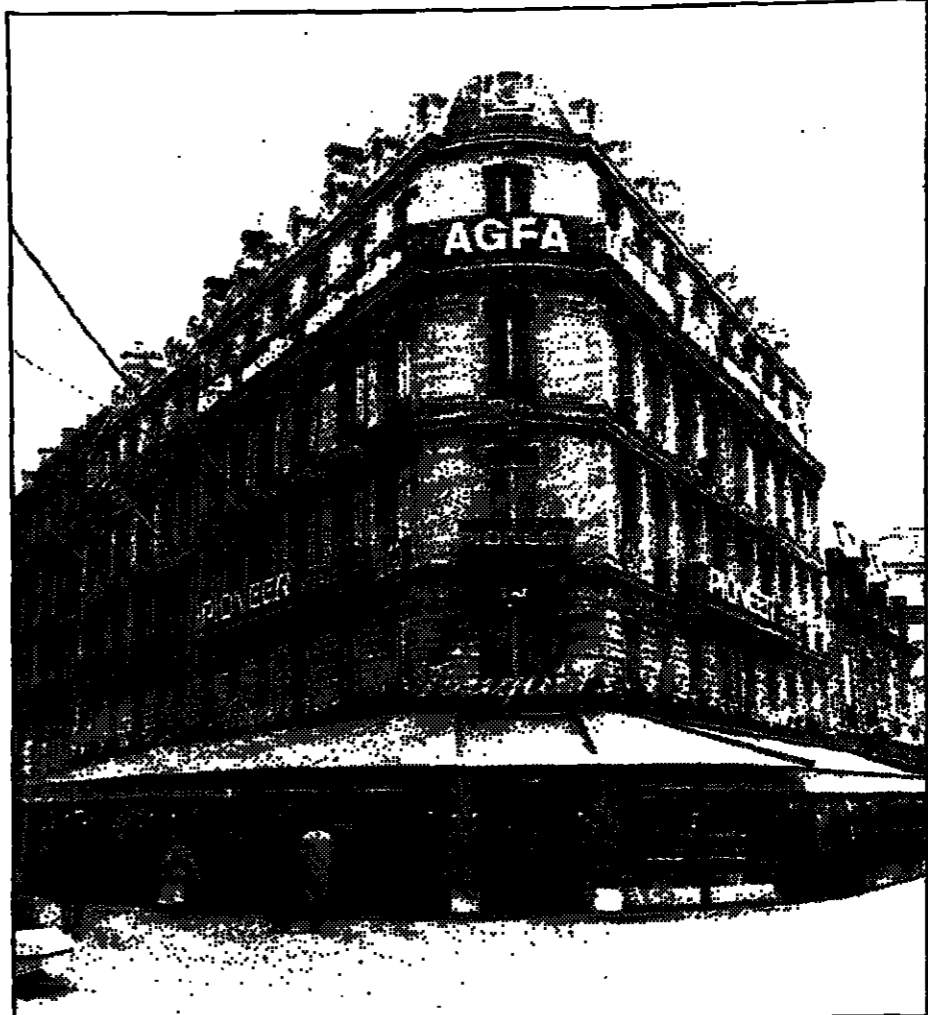
in 1992, the central geographical position of France is seen by foreign money as an added plus, especially in view of the high-speed train network (TGV) linking Paris with the rest of France and soon with the rest of Europe. The French authorities now aim to stimulate office development in the Paris region with a view to reaching 35 million square meters by the year 2000.

Some spectacular deals have recently been concluded in the Triangle d'Or. The ultra glitzy Hotel Novaparc on Rue François 1er failed dimly as a hotel, but has now been rented in its entirety to Cartier at 3,650 francs per square meter. According to Frédéric Freymann of August Thouard, real estate brokers who negotiated the deal, the world-famous jeweler should lead renewed glamour to boutiques in the entire area.

The magnificent Jours de France offices on the Rond Point, owned by the late aircraft magnate Marcel Dassault, remained ominously empty for months but have now been rented to the Japanese art gallery group URBAN for 4,000 francs per square meter, another feather in the cap of the French group August Thouard.

Meanwhile, work continues on the City of Paris' Bercy development project beside the Seine in the long-neglected 12th district east of city center. This boasts the Ministry of Finance as its star tenant, and also includes ultramodern office blocks with river views. One of the main problems in Paris is that downtown offices are often old-fashioned and ill-equipped for new technology installations; 62 percent are more than 20 years old.

Foreign real estate groups in Paris have been increasingly active. The American Company Kaufman and Broad won out over strong local competition to promote the 60,000-square-meter office scheme above the



Fouquet's on the Champs Elysées, a monument to cafe society.

future TGV station at Montparnasse. For over 2 billion francs, they found the right buyer in Japan — the KOWA, an affiliate of the Industrial Bank of Japan.

English brokers Healey & Baker were chosen to represent another key project, a 35,000-square-meter office development that probably will be the final building to go up at La Défense. At 1.2 billion francs it represents the largest real estate investment ever made in France by a British group. Owners are Heron International and Générale Continentale Investissements. The high-rise office towers of La Défense, visible from the Arc de Triomphe and connected to downtown Paris by the RER commuter train, were ridiculed 20 years ago but operate today at full capacity.

Healey & Baker calculate that in 1987 invest-

ment in commercial property in France totaled 24 billion francs, accounting for 1.3 million square meters of property, with 856,000 square meters of offices, 289,000 square meters of retail and 155,000 square meters of warehousing. Foreign groups took 20 percent of the total but almost half was represented by the Japanese purchase at Montparnasse. The British led with 7 percent, followed by Middle Eastern interests at 5.3 percent, the Dutch at 4 percent and the Japanese at 3.5 percent. Prices for recent sales have ranged from 70,000 francs per square meter paid by the Kuwaitis for the Gaumont cinema building on the Champs Elysées, to 100,000 francs per square meter for offices at the Madeleine in a deal handled by the Midland Bank.

The supply and de-

mand for office space this year has reached a nice balance with an estimated 13 percent of space currently on the market. Attention is now focused on the need to renovate older office buildings.

New planning regulations known as Le Pos (Plan d'Occupation des Sols) are expected to become law early next year. They would raise the density coefficient, the relationship between the ground surface and the amount of office space permitted in many parts of Paris. Real estate experts say Le Pos is in no way revolutionary, but it could mean that some mediocre buildings can now be torn down and replaced at a profit. Other modernization schemes may also become possible where office areas can be expanded, either by adding extra floors or redistributing space.

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Hong Kong Vacancy Rate Hits New Low

Continued from page 11

those are now under negotiation. Down the road, the Swire Group's massive Pacific Place project, a 40-story twin tower complex, is in equally high demand. More than 20 percent of the phase one tower was pre-rented with the rest filling up within a month of its August opening. The second tower has not gone on sale, but project officials confidently predict a full house by opening day next summer.

Other projects are on the books, including a 1.5 million square foot complex in Wan Chai and another major site near the Bank of China, but none of these is scheduled for completion before 1992.

"I can't see rentals coming down at least until 1992 or '93," said Neil Palmer, an associate partner with the Vigers property consulting firm. "The stability of this market is absolutely rock solid."

Palmer said the stability was enhanced by the fact that a large percentage of the investment is from outside Hong Kong, particularly Japan, Korea and Taiwan.

One of those investors is C. Itoh and Co. (H.K.) Ltd., a major Japanese trading, investment and real estate firm. The company has a number of commercial projects now under development, including a \$128 million 32-story tower due to open in Wan Chai next year.

Managing director Toshio Komada said Japanese companies have long viewed the Hong Kong real estate market as too unstable to become involved in major projects, but that attitude is changing.

"We now see the long term trend as up," he said. "Even if there is a glut I don't think prices will come down that sharply."

That new confidence in the market combined with the strong yen has made Hong Kong property extremely attractive to Japanese firms in recent months, he said.

But while commercial property owners are enjoying the boom, Neil Palmer warned that the higher rental rates could still prove damaging to Hong Kong in the long run. He said the higher rentals are sure to be passed through to consumers and that could lessen demand for Hong Kong products and services.

"Hong Kong is in danger of losing its competitive edge," he said.

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COMMERCIAL REAL ESTATE

Japan Moves Farther Afield In Pursuit of Property

From a distant fourth place only a few years ago, the Japanese have moved into the dominant position as foreign investors in U.S. real estate. As the yen's value continues to climb, private investors are joining institutions and construction giants.

The growth of the Japanese investor is reflected in Commerce Department figures: Of approximately \$5 billion of foreign investment in real estate in 1987, \$3.5 billion, or 65 percent, was Japanese. The figure is approaching 90 percent in 1988.

According to Warner Rotach, head of Horwath & Horwath International, Japanese institutions have also moved onto the East Coast of Australia and especially the Sydney market. The amount of investment there is still small — probably less than 20 percent of Japanese investment in U.S. properties.

Nevertheless, the pattern of investment Down Under is similar to that in the United States. The Japanese are currently confining themselves to major downtown properties and hotels, but with time, they may diversify.

The U.S. Commerce Department only breaks out real estate figures from total foreign investments, and they don't take into account partial investments in buildings and joint ventures. No one has tracked the data with total accuracy. Indeed, some experts predict that Japanese real estate investment in the United States reached a total of \$7.5 billion last year.

Overall, foreign investment in U.S. real estate continues the upward spiral begun during the OPEC-dominated years of the mid-70s. The United Kingdom still owns the most U.S. property, with the Netherlands second and Japan third.

Dan Neidich, a partner at Goldman Sachs, compared international involvement in American property to waves of interest. First came the English and Dutch, followed by oil-rich Arabs. In the early 1980s, before recent tax reforms made real estate write-downs difficult, Wall Street syndicators took up the slack after oil prices collapsed. Then the Japanese took over.

"They've got cash to invest," said Lawrence Bacow, director of research at MIT's Center for Real Estate Development, "but their markets are not deep enough." In addition, London and especially Tokyo are so overpriced that even prime Midtown New York buildings are a bargain by contrast — as little as a quarter as much for comparable Tokyo properties, even before the strong yen is taken into consideration.

Japanese institutional investors have made a big splash with high-profile purchases in New York and Los Angeles. The Japanese are continuing to invest heavily in those markets but are beginning to branch out. "There's investment interest all over the country, although they concentrate on New York and Los Angeles," said Stephen Miller, executive vice-president of FLIC (USA) Inc., a Japanese real estate investment firm.

"They don't go much beyond the top 10 metropolitan areas, except for Dallas and Houston," added David Shulman, head of real estate research at Salomon Brothers.

Hawaii is a notable exception. "Japan has long established roots in Hawaii," pointed out James Bonkamp, who tracks international investment for the Commerce Department.

One of the big advantages of U.S. real estate is the relatively high yield. "Yields on typical investment grade property are 4 to 6 percent, if lucky, in Japan; usually 2 or 3 percent," Mr. Bacow said. "Here, they buy investment grade property at 10 percent."

Thanks to their strong currency, they are buying at relative bargain rates. And Japanese institutions, benefiting from a thrifty populace, are awash in capital compared to their American counterparts. So they can afford to hold onto properties for much longer periods. "The Japanese have a different perspective on property value than Americans," Mr. Neidich noted.

Consequently, they are not as concerned with liquidity. "They may have the longer view, or they are willing to own at a lower yield of return than U.S. investors," Mr. Shulman said.

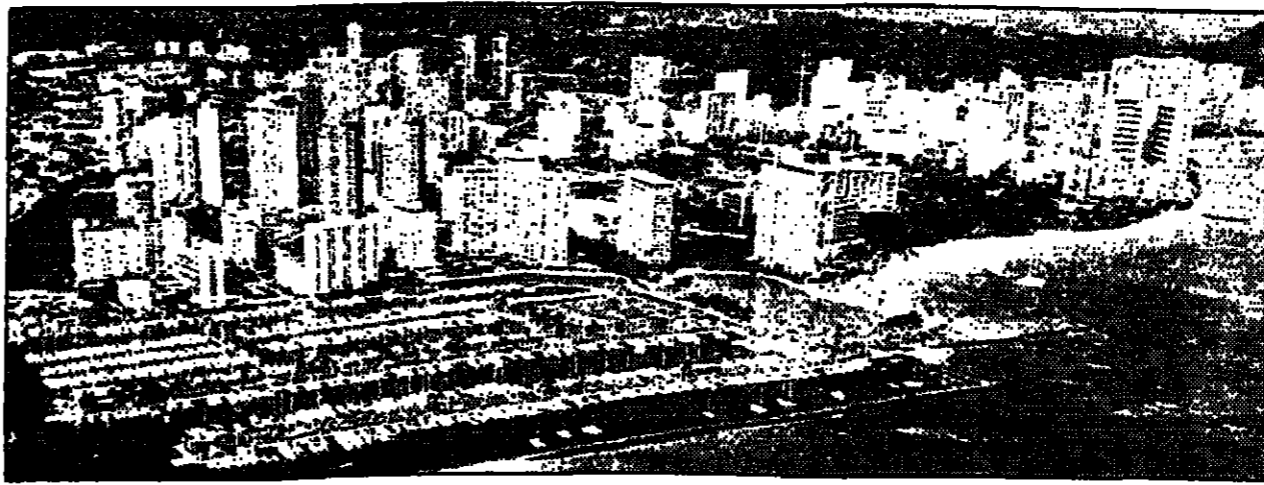
"They are into longer-term investment opportunities," Mr. Miller added. "Capital gains is not a primary motivation. They go for lower yields but buy higher-end properties."

Attracted by the American free-market economy, Japanese investors are beginning to branch out from buying commercial building to active development. Among apartment projects in New York benefiting from Japanese participation are the Belgravia on the Upper East Side, Manhattan Tower in Midtown and Bromley on the Upper West Side.

The experience of William L. Haines, who built the Bromley, is typical. He was put in touch with Haseko (New York Inc., a division of Hasegawa Komuten Company) by his American bank and Mitsubishi Trust. New York branches of major Japanese banks frequently act as marriage brokers in such deals.

Mr. Haseko, however, was far from a silent partner. "They attended all job, planning and various other meetings that go along with the development of a building," Mr. Haines said. Mr. Haseko had "specific inputs," he added, in the design and marketing of the building.

Joint venturing is also thriving on the West Coast, where the Japanese are participating in the \$140 million Emerald Shapery Center, a 30-story office building and 27-story hotel in Downtown San Diego. Earlier this year, Mitsui Fudosan purchased a



The development of Waikiki Beach has transformed Hawaii into a real estate investor's dream.

95 percent interest in 505 Montgomery in San Francisco. In Los Angeles the Japanese are involved in a number of projects, including two buildings in the Citicorp Center project. Mitsui Fudosan (USA) Inc. is building a 52-story tower at Figueroa and Wilshire.

Another area of expansion is hotels. A year ago, Aoki Corp. helped buy the Westin Hotel chain, and All Nippon Airways paid \$100 million for San Francisco's Meridian Hotel. Japan Airlines owns several hotels, including New York's Essex House.

Japanese construction companies have also invaded America in a big way. After 20 quiet years in Los Angeles, Ohbayashi Gumi expanded to New York late last year, as did Tobishima Corp. Japan's largest construction firm, Kumagai Gumi, is building both a 62-story building in Seattle and Worldwide Plaza, a huge mixed-use complex in Manhattan.

Now smaller Japanese investors are following the giant thrifts and insurance companies to North America. These investors are looking for condominiums that can generate rental income. Such investors include individuals and closely held private corporations. New York broker M.J. Raynes Inc. has even set up a special unit headed by a Japanese-speaking sales agent to handle the anticipated volume.

The reasons for the move into Australia are similar to the push into America that began in 1986. "If you look at the Japanese investor today, he really has very few options," Mr. Rotach said. "The number of opportunities in a country such as Australia is similar to the United States."

Australia has opened up to international investment in the last 10 years. Before then, most international investors had hardly considered, let alone visited, Australia. "Today," Rotach pointed out, "Australia is very much a part of the scene."

Although there has been some tentative movement into China, real estate investment remains difficult there. By contrast, in Hong Kong, the Japanese have made a big impact in the property market. According to a study for international property consulting firm Jones Lang Wootton, Japanese invested HK\$5 billion in 1987, three times as much as the previous year. This made the Japanese by far the largest overseas investors in real estate in the Crown Colony.

In Hong Kong, the investors have been small to medium sized. This is because the scale of investment is usually small, and decisions must be

made quickly in that volatile market. There is also a shortage of high-profile buildings. Hotels have attracted considerable Japanese interest — hardly surprising in view of the dominant role of Japanese tourists there.

Overall, investments in the Hong Kong property market represented 60 percent of all Japanese investment there in 1987.

In Europe, the relative strength of major European currencies relative

to the yen makes those nations far less attractive than the weak U.S. and Australian dollars. Besides, many of those nations face the same problem that drove Japanese capital abroad in the first place: limited prime properties in overheated downtown markets.

In Paris, however, foreign investment has increased to 20 percent of the market in 1987 versus only 10 percent the year before. Kowa purchased a new office complex in

Montparnasse for 2.5 billion francs; C'Itoh bought into the Manufacture de Stéves; and Jowa Kosan and Gan bought the Palais Berlitz. The Japanese interest in Paris underscores the position of the French capital in world financial markets.

South America remains too risky. As for Africa, "Some investments are coming into Africa," Rotach said. "But they're very speculative."

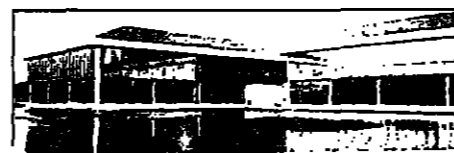
Perhaps surprisingly, one nation that has been seen heavy Japanese investment of late is South Africa. The Japanese institutions are keeping very quiet about it, but many of them are moving to refinance major buildings, especially in Johannesburg. "You don't hear a lot about it, but Japanese investors are filling to a large extent the ranks of American, Canadian and U.K. investors pulling out."

The Japanese don't fear turmoil in South Africa, and they don't face the same opprobrium at home as do Western nationals. But they tread softly for fear of alienating Western public opinion.

"So," Mr. Rotach concluded, "if you look at it, the best alternatives are still the U.S. and Australia a close second."

Steve Weinstein

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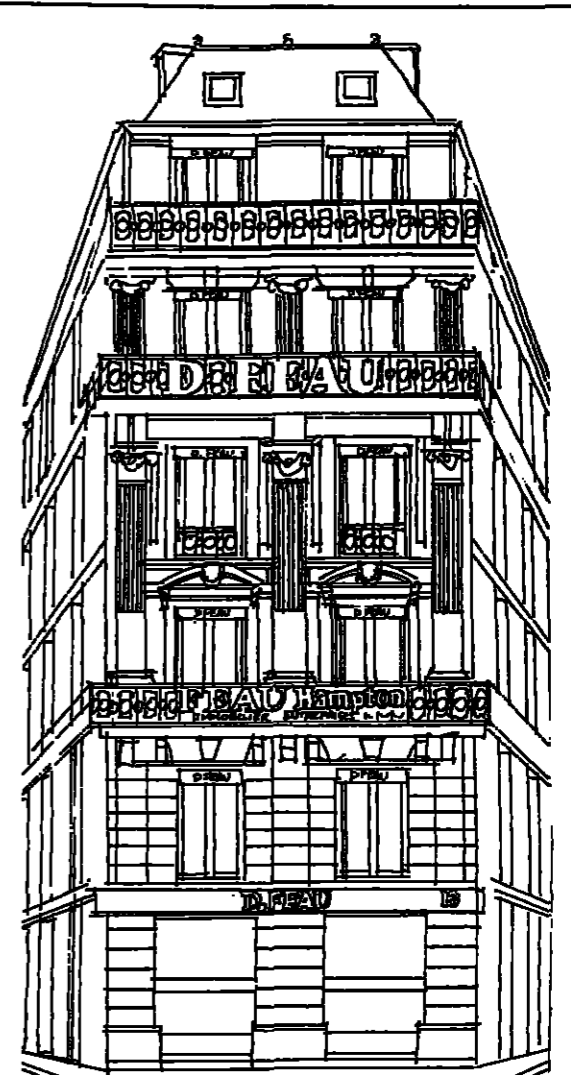
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COMMERCIAL REAL ESTATE

Wall Street on Water: The Docklands Story

If some divine architect were to sit down with the founding fathers of the City of London to design a new global financial headquarters for the 1990s, he would surely surface with a blueprint of Docklands. The eight square miles of Thames-side wasteland on the City's eastern fringes is fast emerging as an ideal international business operations center.

If anyone had vestigial doubts about the massive 71-acre Canary Wharf scheme in London's Docklands, they were dispelled in October when Olympia & York bought Limehouse Studios. The Canadian giant agreed to pay £25 million (\$43 million) for the six-acre site which lies in the middle of phase two of the £3 billion project.

The deal, which follows months of negotiations, clears the last obstacle in the way of the financial mini-city which has been dubbed "Wall Street on Water." It means that Olympia & York can now go ahead and create Europe's biggest single development or, as O & Y's

Docklands may become a global financial center

Paul Reichmann terms it, "alternative City of London." He is too modest. The signs are that Docklands will usurp the City's role.

That outcome seems inevitable as 500 construction workers swarm over Canary Wharf's Isle of Dogs site to build the first phase of a super high-tech powerhouse. Eventually, it will comprise 24 buildings with 12 million square feet of space, including a 50-story obelisk 200 feet taller than any other tower block in London. As many as 60,000 people will work there.

As realtor Savills points out in its definitive Isle of Dogs Office Survey, Canary Wharf is only part of the story. There are dozens of other smaller but still significant schemes coming on stream, such as Harbour Exchange with 1.25 million square feet, Thames Quay with 190,000 square feet (ready in April) and Fleet House with 43,000 square feet (available in July).

There is also an abundance (currently, an excess) of residential building and a shopping and leisure

infrastructure, promising a high-quality executive life-style unequalled elsewhere in London.

Had it not risen from the redundant docks, Docklands would have had to be created elsewhere. The old City couldn't cope. With its serpentine streets suffering permanent traffic thrombosis, its warren of crowded Dickensian offices, its obsolete telephones and archaic communications, it was a wonder it could compete with other financial centers of the Western world.

Indeed, despite the high-caliber staff and long-established traditions, the City's primacy was eroding. Then the London Docklands Development Corporation (LDDC) was established in July, 1981. With the aid of the Thatcher governments, it has since witnessed a seven-year economic miracle which is now accelerating.

In cash terms, LDDC has injected more than £250 million; this drew in private investment of £2.2 billion, £1.2 billion of which was put into industrial and commercial schemes. A further £3 billion of private sector money is committed.

Services have followed. Some £188.8 million is already being spent on improving road access. The London River Crossing, a new bridge, will follow in 1992. The Docklands Light Railway (DLR) runs between Tower Hill and Island Gardens at the southern tip of the Isle of Dogs. A western extension to Bank Underground, partly funded by Olympia & York, is currently under construction and scheduled to open in 1990.

The current DLR capacity at peak hours is 4,000 passengers per hour. Eventually, the total capacity of the trains which will run to Canary Wharf is set to be close to 20,000 — still significantly less than the number of people who will be

working there. The balance will be conveyed by a river bus service. Currently, a boat operated by Thames Lines serves the Isle of Dogs from Charing Cross and calls at Greenwich and London Bridge. Olympia & York will run its own high-speed boats from Waterloo. There is ample pier capacity.

An inner-city airport was long considered impossible but in Docklands it has been achieved. London City Airport, owned and managed by Mowlem, currently handles nearly 3,000 passengers per week. Two flight operators, Brymon Airways and London City Airways, run flights to Paris, Amsterdam and Brussels.

With the single European market of 1992 approaching, the prospect of the BA146 "quiet jet" being able to use London City Airport, coupled with the current and proposed strategic road links to the M25 to both north and south and thence to the Channel Tunnel and ro-ro ports, Docklands is sure to become multinational. It will be possible for the businessman to leave his office and be standing in Charles de Gaulle Airport only one hour later, thus enabling the "half-day meeting."

Added to the attractions of these facilities, a further incentive available in the Enterprise Zone heart of Docklands is the absence of general rates (property taxes) until April, 1992.

More important in the long-term is the sophistication of the purpose-built facilities, with their abundant parking space, large floors, high ceilings and deep floor voids. This means that ducts, cables and terminals for air conditioning, computer networks, data systems and satellite TV are built-in, in contrast to the obsolete "period pieces" of the City.

Satellite dishes proliferate on the Isle of Dogs where the telecommunications of tomorrow are already working. Unhindered by old systems and equipment, both British Telecom and Mercury have established brand new state-of-the-art fiber optic cable networks, often with duplicate cabling for back-up. The global 24-hour communications needs of contemporary dealing on the world's money markets are thus amply met.



Canary Wharf, the site of Olympia & York's new development.

"With rents at less than half the City level," says realtor Jones Lang Wootton, "this is an overpowering proposition for any company."

International financial service companies are flooding in. Credit Swiss and Morgan Stanley have 500,000 and 700,000 square feet respectively in Canary Wharf. Reuters

has 250,000 square feet in East India Dock; Kokusai Denshin Denwa, 184,000 square feet; Imperial Bank of Commerce, Lloyds Bank and Citicorp, 160,000 square feet each in London Bridge City. Some 40 other financial companies with more than 10,000 square feet are listed by the LDDC, including

Swedish, Danish, West German and Japanese.

The City of London has for generations been regarded as the powerhouse of Britain's economic strength. Now it is revealed as merely a location. A better location has emerged, so the power is moving east.

Alec Snobel

Incentives Attract Tenants to Triangle

In order to attract commerce, the government has granted such concessions to businesses locating there as freedom from capital taxes and rates (property taxes) until 1992. For owners/occupiers of work premises, further tax relief is available on fitting-out costs.

Accordingly, there is considerable international interest in The Triangle, an important new development in Docklands, Isle of Dogs featuring commercial penthouses, office suites and retail units. The 90,000 square foot landmark, to be completed in 1990, is close to Europe's biggest development of all, Olympia & York's Canary Wharf,

A major attraction of London Docklands for commercial companies and investors is the Enterprise Zone status of its heartland.

destined to become a world financial center and, perhaps, successor to the City of London. The Triangle, linked by a walkway to the new Docklands Light Railway Crossharbour station which gives it access to London's central transport network and terminals, is divided into prime self-contained business suites producing an ideal working environment for professional and service companies.

The Triangle Management Company, which

will maintain the facilities, also offers a service on behalf of investors, handling lettings for assured rental income and, based on historic trends, substantial capital accrual. Detailed advice on the enhancement of tax relief for owner occupiers — whether companies, partnerships or individuals — is available through the developers Clinton Scott Holdings.

Chief executive Guy Clinton Scott emphasizes that The Triangle occupies what is becoming a

fully integrated location. Apart from the shops on the ground and first floors of the development itself, the Harbour Island concourse and the Asda superstore are both within a three minute's walk. So are restaurants and wine bars overlooking the Thames — ideal for business and social entertaining. No fewer than 40 indoor sports will be featured at the London Arena, a multipurpose recreation venue and conference center which opens nearby in February.

Purchasers of Triangle suites will receive a complimentary "Gold" life membership to the Arena Health and Fitness Club.

Alec Snobel

Limburg Capitalizes on its Location

Venlo Trade Port lies inland, where the routes between the German Rhine-Ruhr area and the ports of Amsterdam, Rotterdam and Antwerp intersect. Its current development, which is being undertaken by ECT, one of Europe's largest container companies, devel-

Rotterdam and Amsterdam are the Netherlands' leading contenders for the title of "Gateways to Europe." But in Limburg, the country's southernmost province, a new force is emerging.

opers Wilma Vastgoed and Venlo municipality, emphasizes Limburg's ambition to be recognized as "the hub of Europe."

Further south, Wilma Vastgoed are also developing the Maasrict exposition and congress center. When mine closures threatened the area, the

Limburg Investment Bank responded by harnessing its entrepreneurial skills to draw in new businesses and restructure the local economy.

Over 40 multinational companies, including household names such as Rank Xerox, United Technologies and Emery Worldwide, have since

moved into the area. At the same time, hundreds of local companies have diversified into new fields.

Within a 78 mile (125 kilometers) radius of the province lie 50 million consumers and 150,000 of Europe's major companies. Wedged between Belgium and West Germany, the province is well-served by both the continental motorway network and Maasrict Airport, second only to Schiphol within the Netherlands, which last year recorded a 22 percent increase in cargo traffic.

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COMMERCIAL REAL ESTATE

Suburban Solutions to Madrid's Space Squeeze

With the Spanish economy growing by some 5 percent annually, double the average European growth rate, Madrid is feeling the boom more than elsewhere in the country. The city, population 4 million, is very much Spain's business center as well as its political capital.

Almost all the multinationals operating in Spain have their main offices in Madrid and the lion's share of the financial, energy, electronics and construction sectors is likewise housed in the city. In all, more than 700 of Spain's top 2,000 companies are headquartered in Madrid; Barcelona, in comparison, is home to some 500.

The concentration of business in the city at such an expansive time has meant that the demand for office space has never been greater.

Madrid's space squeeze is illustrated by a mere 1.45 percent vacancy rate this year of available office stock for sale or lease. In comparison there is a 2.5 percent vacancy rate in both Frankfurt and Brussels, 3.1 percent in the Paris region and 3.5 percent in Central London, according to a report prepared by the Madrid branch of Richard Ellis, the office rental organization.

The city's problem is essentially one of undersupply: office space is badly needed and there is very little available. The ratio of office square meters/inhabitant in Madrid is 81

The combination of economic expansion, limited existing office space and tightened planning controls has caused rents for prime properties in Madrid's business district to more than double in less than three years. One consequence is a new real estate trend in the Spanish capital — there is now a strong demand for out-of-town large office space areas.

percent against 12 percent in Frankfurt, 6:12 in Brussels, 3:10 overall in Paris and 2:64 in greater London. Planning controls, now strictly enforced, rule out a significant increase in the volume of office space in Central Madrid. Old buildings can only be refurbished; they cannot be knocked down.

At the northern end of Castellana boulevard there is an emerging Manhattan-like skyline which is dominated by the shortly-to-be inaugurated 46-story Torre Picasso. But although this highrise and others clustered around it represent more than 500,000 square meters (over 5 million square feet) of modern office space, this new business district has not significantly alleviated the squeeze.

At the end of 1987 there was an unsatisfied demand for prime site office rental space in Madrid of approximately 83,000 square meters and, if current economic growth

patterns continue, commercial real estate experts believe that the unsatisfied demand figure will stand at around 200,000 square meters in 1991.

The squeeze has dramatically fueled the city's rent rise. Rents for prime office properties in Madrid have gone from 1,900 pesetas per square meter (\$19.50 per square foot) in December, 1985 to 2,400 pesetas in December 1987; 3,000 pesetas in December 1987; and 4,000 pesetas per square meter in October 1988.

Such factors have created the trend toward out-of-town accommodation. Three companies — Hewlett Packard, Kodak and Banco Hispano Americano — have in the past four years built their own office space more than 20 kilometers (13.2 miles) northwest of the city center close to the town of Las Rozas along the NV1 motorway.

This private-sector initiative has

now prompted the Madrid Development Board to sponsor an office park in the Las Rozas area in order to relieve pressure on the Castellana zone. Las Rozas, where the resident population has jumped from 13,000 to 21,000 between 1981 and 1986, is one of Madrid's fastest growing satellite towns.

Kodak, which was the pioneer company in Las Rozas, originally needed five buses to take its clerical staff out to its new premises. Currently only two buses are required as Madrilenians themselves have followed the drift out of the city center.

The Las Rozas project breaks new ground in the commercial real estate sector. Previously the only decentralized office area in Madrid was near the junction of the airport motorway and the city's M-30 ring road where companies such as 3M, NCR, Philips and AGF built structures during the last decade.

Development beyond the city's limits seems likely to continue. One growth area is Tres Cantos, 20 kilometers north of the city center on the C-601 highway, which is the site of Madrid's technological park.

AT&T has a major new plant producing integrated circuits at Tres Cantos and the technology park's planners expect to attract some 150 companies to the area.

Tom Burns



Madrid's La Castilla, overshadowed by the central business district.

Building Materials Directive Will Open Up EC Industry

One of the most far-reaching directives to come out of Brussels will cover building materials. The stakes are high, as the market was worth about 110 billion European Currency Units (\$121 billion) in 1985, and cross-border trade is already brisk. In 1986, imports accounted for some 20 percent of materials supplies in West Germany, 30 percent in France and 50 percent in the United Kingdom.

Initially, the Commission wanted to harmonize standards for materials, but has settled for fixing six "essential requirements" for their performance, such as fire and health hazards.

The big task now is to write the interpretative documents detailing the link between products and the completed construction, according to Jean-Pierre Bardy, an official of the French Equipment and Housing Ministry. "The important point is that performance standards will be measured in the finished work, and not by products on their own," he explained. The directive should be adopted during the first half of 1989 and be effective in all 12 countries 30 months later. Contractors welcome the measure, as they believe they will have access to higher quality materials at a lower price, according to Gabriel Madelin, at the European Construction Industry Federation (FIEC).

The directive on public works, although separate, is linked. Product norms will have to apply in government contracts, and materials account for a rising proportion of the overall price as the value-added element grows. Only about 2

The single European market means revolution for the construction and real estate industries. The impact on the construction sector, which accounts for more than 9 percent of the EC's gross domestic product, could be particularly sharp, as competition will open up captive government contracts.

percent of the 150 billion ECUs (\$165 billion) worth of public works orders in the European Community go to firms in other member countries at present, but this could change when the directive takes effect, probably at the end of next year.

The content of the directive has been hotly contested, as countries could not agree on whether to keep national preference for public works programs nor on the field of applications. The idea, although now limited to infrastructural schemes with at least 50 percent of the cash provided from public funds, is to give firms from all countries an equal opportunity to pitch for business.

This should stem from public bodies providing prior information on projects, doubling the time to submit bids, publishing the results, and explaining the reasons for rejections. These provisions should save governments about 10 percent on their orders, according to European Parliament estimates.

However, the new rules may have little effect on industry practices, in the short-term at least. "The measure goes in the right direction, but its value is largely symbolic," said Mr. Madelin.

He thinks only large companies will want to go through the upheaval of moving personnel and equipment any distance from their home base, and then only for large contracts. "Companies are not afraid of the competition the directive could generate," Mr. Madelin said. "They are more interested in the opportunities it could bring."

Several other directives on government contracts have also been adopted or are in the pipeline. One on procurement was adopted in March and will come into force next January; another to bring energy, water, public transport and telecommunications services under the rules is in preparation. A third covering violation of the rules was redrafted after running into opposition from the British, French and German governments, who objected to the idea of increasing the Commission's powers to suspend a contract if the successful bidder stepped out of line.

Proposed legal remedies for those firms hurt by the infringement of procurement rules also had national hurdles to overcome, said one Commission source.

Discussions should begin shortly on new amendments, and although

they will still enable the Commission to suspend contracts, they will make the powers "less obviously open to abuse," he said.

"The Commission can already demand cancellation of a deal, but it now has to go through the time-consuming process of taking the case to court," he explained. "We need the powers to be made more practical."

The 300-page directive on public utilities ran into trouble too, partly because what is public in France may be semi-public in Italy and private in the United Kingdom. The way out was to list all the organizations to be covered, but the

process has held up work on a directive on government services, which will now start in the New Year.

Among other measures affecting the construction and real estate industries, the deregulation of capital movements in July 1990 will permit funds to be raised anywhere in the Community. Greater competition, it is hoped, will help to cut financing costs.

The barriers keeping architects at home have already come down; a directive giving mutual recognition of qualifications and the right to practice throughout the Community became effective last August. Similar measures for engineers should follow, and involve less debate than the architects whose case was complicated by difficulties in defining the discipline: artistry

dominates in France, whereas engineering does in Germany.

Realtors and managers are covered by the general directive on recognition of diplomas. Due to be adopted any day now, this states that professionals are free to work anywhere in the Community, providing they respect national regulations. Governments and associations will have two years to devise rules on equivalence, based either on academic credentials or experience.

"It has put the ball in our court," commented Andrew Irvine, Secretary General of the International Real Estate Federation (FIABCI) in Paris. "We will have to regulate the profession ourselves and come up with minimum standards to protect customers."

Barbara Casassus

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Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock Div. Yld. PE. Includes various stock listings.

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NYSE High-Lows

Table listing NYSE High-Lows for various stocks.

Chrysler Discussing Venture With French Carmaker Renault

DETROIT—Chrysler Corp. is negotiating a joint venture with Renault of France that could be announced within the next three to six months, the head of Chrysler's international operations said Tuesday.

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London Metals

Table listing London Metals prices for various commodities.

London Commodities

Table listing London Commodities prices for various goods.

Spot Commodities

Table listing Spot Commodities prices for various raw materials.

Dividends

Table listing Dividends for various companies.

To Our Readers

Paris commodity prices were not available for this edition because of problems at the source.

Company Results

Table listing Company Results for various firms.

S&P 100 Index Options

Table listing S&P 100 Index Options data.

U.S. Treasuries

Table listing U.S. Treasuries yields and prices.

DM Futures Options

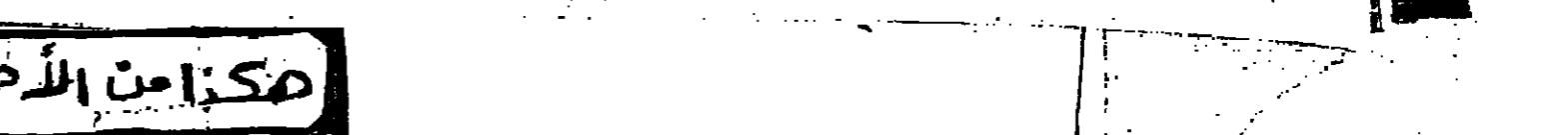
Table listing DM Futures Options data.

Market Guide

Market Guide listing various market indices and their values.

BMW Decides Against Nazi-Era Reparations

MUNICH—Bayerische Motoren Werke AG, best known as the maker of BMW automobiles, said Tuesday that it would not pay reparations in connection with the use of forced laborers in World War II.



BUSINESS/FINANCE

WEDNESDAY, NOVEMBER 16, 1988

MADISON AVENUE

Next U.S. Eclipse in 2017? Mitsubishi Bids to Differ

By RANDALL ROTHENBERG

NEW YORK — "Astronomers tell us there won't be a total eclipse in America until the year 2017," the commercial begins. "They are very much mistaken."

And so the Eclipse, the new sports car from Mitsubishi Motor Sales of America, was introduced on television.

The message of the commercial is true enough: The United States Naval Observatory confirms that the next total eclipse of the sun visible in the continental United States will sweep the country on Aug. 21, 2017. David A. Stickle did his homework.

Mr. Stickle, 44, is the automobile expert who left McCaffrey & McCall during the summer, after a decade on the Mercedes-Benz account, to become a senior vice president and group creative director at Grey Advertising.

Bruce McCaffrey & McCall's chief creative officer, said, "Dave is part of a fraternity of people in this business who communicate to the general public, who know how to photograph them, who know the clichés to avoid."

Mr. Stickle's first effort for Grey was introduced last week, when the Eclipse and its advertising were presented to the press.

The car is to go on sale early next year. Mitsubishi's recent advertising eschewed image and emotion. By contrast, the Eclipse's first flight of ads focuses almost entirely on image. The aim is "to get people used to the look of the car," Mr. Stickle explained.

The foundation of this initial effort is an ad that will run in 5,000 movie theaters between Dec. 15 and Jan. 15. Conceived by Jon Stone, a Grey writer, and shot by the director Steve Horn, the 90-second film, entitled "Caper," is completely soft sell — there is no dialogue, no copy, until the very end.

The setting connotes a television detective show. People are gathered in a courtyard near a museum, gazing at an eclipse of the sun. A jewel thief, knowing that the museum holds a large diamond protected by a laser system that runs on solar power, creeps through the preoccupied crowd and into the building. When the sun blacks out, he pockets the gem and steals off in an Eclipse piloted by a beautiful young accomplice.

THE ECLIPSE's image campaign will run for only three or four months, and then product-based ads will take over. This is consistent with the current effort of Japanese auto makers to concentrate on competing with the lower end of the European luxury-car market. Advertising for the European imports normally focuses on product attributes, like Mercedes' long-time emphasis on engineering.

The United States, Japan and West Germany own the 10 most powerful brand names in the industrial world, according to a new study by Landor Associates, a San Francisco-based corporate image consultant.

Landor surveyed 9,000 consumers in the United States, Western Europe and Japan to determine which brand names were the most recognized and respected. Coca-Cola and IBM finished first and second in the combined three markets, while McDonald's and Disney were fifth and sixth.

The best-known Japanese brands were Sony, in third place, and Honda, Toyota and Seiko in seventh, eighth and ninth. Two German luxury auto makers complete the list, with Porsche the fourth-most powerful brand name in the world and BMW the 10th.

Landor said the survey indicated only 40 brands "have a presence" in all three markets, and, unsurprisingly, the strongest Japanese brands are in electronics and automobiles, while European labels are best known as luxury items. The strongest American brands worldwide are in fast food and convenience items.

LeBow Bids for Prime

\$970 Million Price On Computer Firm

Compiled by Our Staff From Dispatches

NATICK, Massachusetts — MAI Basic Four Inc., a computer maker controlled by the New York investor Bennett S. LeBow, began an unsolicited offer Tuesday for the larger company at \$970 million.

MAI Basic, which already owns 4.1 percent of Prime's 48.5 million outstanding shares, is offering shareholders \$20 a share for the remainder of the stock.

Prime's stock was the most active on the New York Stock Exchange Tuesday, gaining \$1.875 to \$17.75 a share.

Several securities analysts and consultants were skeptical about the bid. Prime, which this year acquired ComputerVision Corp. for \$435 million, is about four times the size of MAI Basic.

Both Prime and MAI Basic sell midrange computers, but analysts noted that the two companies make incompatible products and serve different markets.

"I'm pretty dubious that the offer is even genuine," said David Wu, analyst with S.G. Warburg & Co.

A spokesman said Prime's board would meet within two weeks to consider the offer.

Mr. LeBow owns 43 percent of MAI Basic's stock with an associate, William Weikel. Mr. LeBow also controls Western Union Corp. and Liggett Group Inc.

He recently notified the Federal Trade Commission that he might buy more than 50 percent of American Brands Inc., which has said it will resist Mr. LeBow.

The offer for Prime is contingent upon MAI Basic getting at least 67 percent of Prime's outstanding shares on a fully diluted basis.

MAI Basic, which is based in Tustin, California, said it had filed suit against Prime in Delaware Chancery Court seeking to block Prime's shareholder rights plan.

One analyst, John Rohal of Alex. Brown & Sons, said MAI's offer price was "pretty cheap." He said \$970 million was only 61 percent of his estimate of Prime's 1988 revenue, which is \$1.575 billion.

But another analyst, Jay Stevens of Dean Witter Reynolds Inc., said the price was reasonable. He said Prime's book value was \$11 a share, including \$5.60 of goodwill accumulated in the acquisition of ComputerVision.



Steven M. Lewis at his Burger King outlet. Franchisees want more backing from the company.

At Burger King, Anger Is Flaring

Franchisees Say Pillsbury Is to Blame for Their Woes

By Eric N. Berg

CHICAGO — In the world of Burger King franchisees, Steven M. Lewis is a winner. The 21 Burger Kings he and a partner own in the Philadelphia area generate profit of more than \$3 million a year.

But Mr. Lewis is far from happy with Burger King Corp. and its owner, Pillsbury Co. "Burger King is a strong restaurant concept that has survived in spite of itself," he said.

"In spite of bad promotions, poor marketing strategies, inconsistent operations and shoddy management," Other Burger King franchisees also are critical of Pillsbury.

Bill Pothios, a franchisee in Montreal, said, "For years, Burger King has been under pressure from Pillsbury to produce profits at the expense of our own bottom lines."

And Manny Garcia, a franchisee in Florida, said, "I don't think Pillsbury ever had the long-term interests of Burger King in mind."

Discontent among the franchisees has been mounting since Pillsbury announced last week that it would spin off Burger King and have it borrow heavily to finance a special shareholder dividend.

Pillsbury made the move in order to protect itself from a \$2.2 billion hostile takeover bid from Grand Metropolitan PLC, the British conglomerate.

Arguing that any further "leveraging" of Burger King would doom the chain, franchisees are considering alternatives, such as their own leveraged buyout.

There have been disputes between franchisees and their corporate parent before, but outside experts said they have not been nearly as bitter as this one.

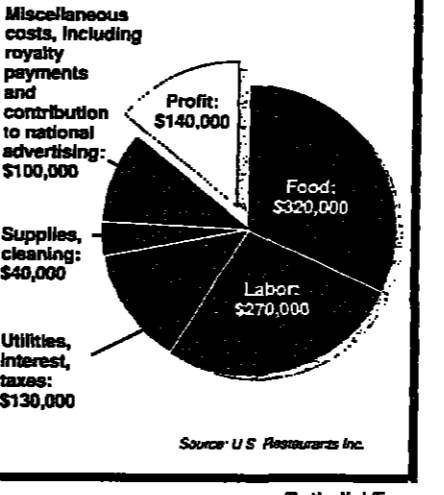
One reason for discontent is that, in general, Burger King franchisees are not doing well. Although some, like Mr. Lewis, said they were pleased by results, many franchisees reported flat sales and shrinking profits.

Typically, they blamed Pillsbury for their woes, saying that it has not invested enough money in the operation.

Burger King Corp. contributes to the chain in several ways. It is responsible for designing and arranging advertising and promotions, although it does not pay for them. It also gives franchisees training materials and provides them with research on everything from where to buy an efficient deep

A Look at the Cash Flow

Costs and profits for a typical Burger King franchisee with annual revenues of \$1 million.



Source: U.S. Restaurants Inc. The New York Times

EC Considers Scaling Back Insurance Plan

LUXEMBOURG — The European Commission is considering scaling back an ambitious plan to open up the life insurance market in the European Community, sources said Tuesday.

Commission sources said revised proposals, which still must be approved by the 17-member EC executive body, would retain the essential element of allowing people to shop around within the community for life insurance policies, but it would make it harder for them to do so.

The commission is considering limiting free-market, cross-border sales to policies sold on an "own-initiative" basis, where an individual actively seeks a policy in another country.

Companies from one nation selling their services directly in another EC country would be bound by the rules governing domestic sales.

The commission is also considering placing strict limits on the amount of cross-border advertising of insurance services. This would limit cross-border sales, since most life insurance policies are sold through direct marketing.

The proposals, which could emerge by the end of this month and would then need approval of the 12 EC members, should go some way towards opening up competition and narrowing differences in the prices of insurance premiums.

The community's biggest consumer lobby group, the Bureau of European Consumer Unions, estimates that insurance premiums are 10 times more expensive in Portugal than in Britain.

"We had originally thought we could do life insurance all at once, but we now realize it will have to be in stages," an EC official said.

Moves to open up the heavily regulated, billion-dollar insurance industry have been seen as a test of the community's resolve to eliminate internal trade barriers by 1992.

EC governments agreed this year to open up the market in non-life insurance for commercial risks, which would allow companies to

Subaru Maker Reconsiders French Plant

Compiled by Our Staff From Dispatches

TOKYO — Fuji Heavy Industries Ltd. said Tuesday it was reviewing plans for a plant in France after the French government's move to impose quotas on cars made by Nissan Motor Co. in Britain.

"We will have to conduct another feasibility study," Toshio Tajima, the chairman, was quoted by the Nihon Keizai newspaper as saying.

Fuji Heavy, seeking to become the first Japanese carmaker to operate on the Continent, has sought French government approval to assemble four-wheel-drive vehicles at a plant near Angers.

Fuji Heavy, which makes Subaru cars and is 6 percent owned by Nissan, intended to use up to 60 percent French components. But France has argued that the local content of Bluebirds made by Nissan in Britain was too low at 70 percent.

Meantime, the EC industry commissioner, Karl-Heinz Narjes, said in Tokyo that the European Community wanted better access to Japan's car market. (AP, Reuters)

Currency Rates

Table with columns for Currency, Bid, Ask, and other financial data. Includes entries for Amsterdam, Brussels, Frankfurt, London, New York, Paris, Tokyo, Zurich, and various other international locations.

Changes in London, Tokyo and Zurich, figures in other centers, New York closing rates. 1: Commercial rates. 2: To buy one pound; 3: To buy one dollar; 4: Units of 100; N.A.: not quoted; N.A.: not available.

Other Dollar Values

Table with columns for Currency, Bid, Ask, and other financial data. Includes entries for Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Korea, Kuwait, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Philippines, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.K., U.S., West Germany, and Yugoslavia.

Interest Rates

Table with columns for Currency, Bid, Ask, and other financial data. Includes entries for 1-month, 3-month, 6-month, and 1-year rates for various currencies and markets.

Key Money Rates Nov. 15

Table with columns for Bid, Ask, and other financial data. Includes entries for 1-month, 3-month, 6-month, and 1-year rates for various currencies and markets.

Asia Dollar Deposits Nov. 15

Table with columns for Bid, Ask, and other financial data. Includes entries for 1-month, 3-month, 6-month, and 1-year rates for various Asian currencies.

U.S. Money Market Funds Nov. 15

Table with columns for Bid, Ask, and other financial data. Includes entries for various U.S. money market funds.

Gold Nov. 15

Table with columns for Bid, Ask, and other financial data. Includes entries for various gold prices.

Caisse Says It Shields Générale

By Jacques Neher

Special to the Herald Tribune

PARIS — Caisse des Dépôts et Consignations, a government-controlled financial institution, said Tuesday that it was backing a group that recently took a major stake in Société Générale's third-largest bank against hostile raiders.

The explanation contrasted sharply with the view of Société Générale's management, which considers as hostile the 9.16 percent stake taken by Marceau Investissements and an affiliate with the backing of Caisse des Dépôts.

Robert Lion, chairman of the Caisse des Dépôts, also sought Tuesday to downplay speculation that, through the institution, the French government was seeking to rearrange Société Générale's core shareholding for political purposes.

Instead, he said, the investment was intended to bolster a "fragile" shareholder group. He characterized the bank's core shareholding, made up of about 20 investors who own a combined 32 percent of the bank's shares, as "disparate and splintered."

Caisse des Dépôts, which has built a 4 percent direct stake in the bank since it was privatized in June 1987, last spring took a 32.3 percent share in Société Immobilière de Gestion et de Participation.

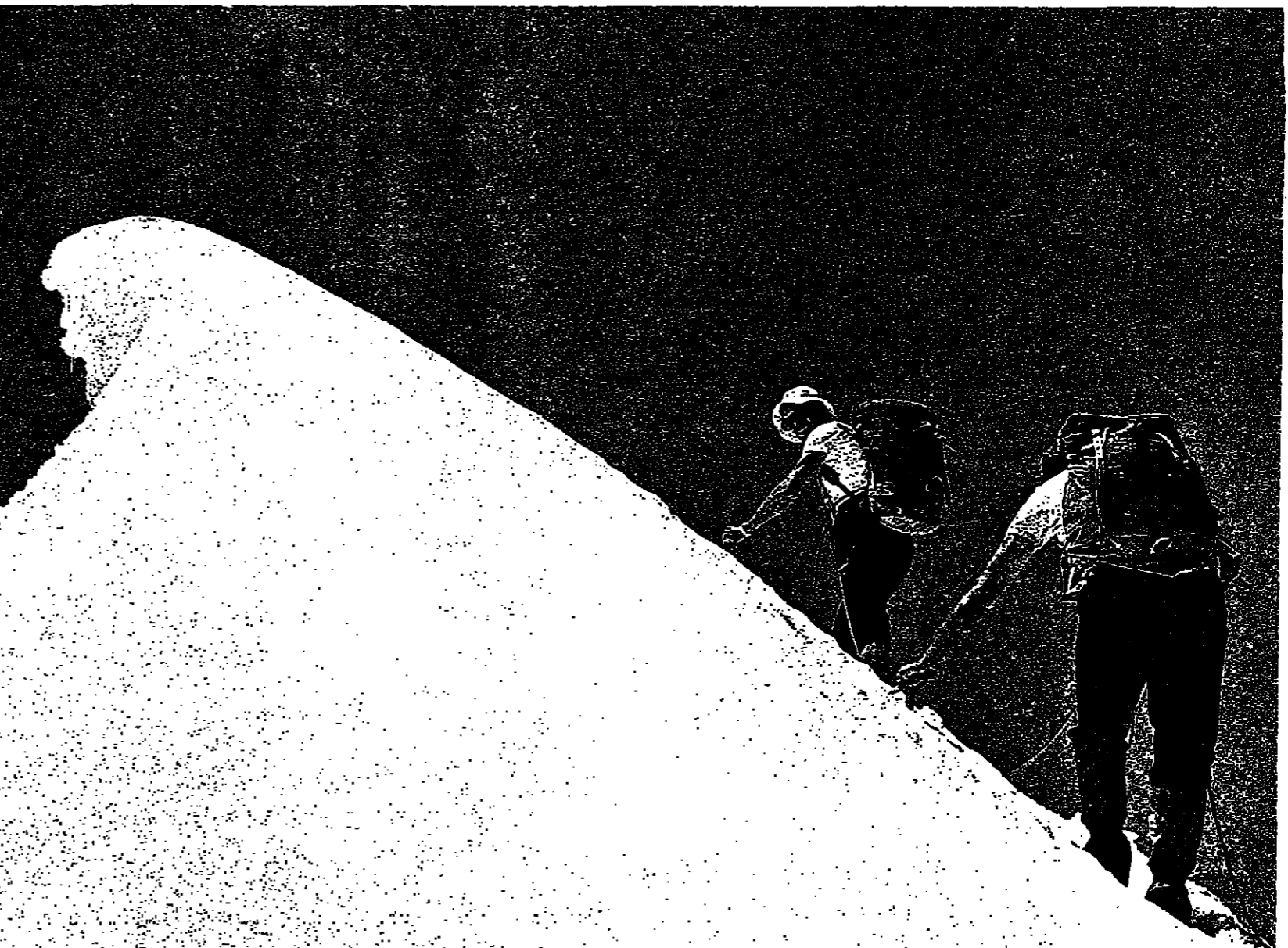
The company, run by Georges Pébereau, president of Marceau Investissements, recently announced it had acquired 8.63 percent of the bank. Marceau has an additional 0.53 percent.

Mr. Lion predicted Caisse des Dépôts' new indirect investment in Société Générale, valued at about 1 billion francs (\$168 million), would prove profitable.

The major role of Caisse des Dépôts, which claims assets of 1.3 trillion francs, is to service France's public debt through bond issues and to act as a central bank for savings deposits collected throughout the country.

Its role in Mr. Pébereau's stake-building has led analysts to believe that the government was actively involved behind the scenes.

Société Générale was privatized under the conservative government of Prime Minister Jacques Chirac. Since the Socialists returned to power in May, they have criticized the core shareholding, saying that they believe it is weighted by Mr. Chirac's allies.



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YEARS AGO

938: Homes for Jews

ANDON — Cooperative...

BUSINESS ROUNDUP

One Long Year for Japan's Big Four Earnings Slide at Brokerages in Span Covering Collapse

Reuter TOKYO — The Big Four Japanese brokerage houses reported on Tuesday sharply lower earnings for the fiscal year through September, reflecting losses sustained during and after the October 1987 stock market collapse.

income of 95 billion yen and revenue of 440 billion yen. At Daiwa, current profit fell to 224.69 billion yen in the year, down 22.9 percent from 291.29 billion yen.

NTT Profit Expected to Fall

Agence France-Press TOKYO — Increasing competition likely will cause Nippon Telegraph & Telephone Corp. to suffer a 14 percent decline in pretax profit during the current financial year, company sources said Tuesday.

regulation of the telecommunications industry and the privatization of NTT in 1985. NTT also announced earlier this year that it was planning to turn its data communication division into a subsidiary company, to be known as NTT Data Tsushin.

BURGER: Franchisees Steaming

(Continued from first finance page) fryer to what color surroundings fast-food diners like best. Most important, though, investment by the corporation means building new restaurants and managing them or leasing them to franchisees.

BA Profit Falls By 4% in Half

Compiled by Our Staff From Dispatches LONDON — British Airways PLC said Tuesday that its pretax profit fell 4.3 percent, to £222 million (\$402 million), in the first half, reflecting continuing problems since its acquisition of British Caledonian Group earlier this year.

HK-TVH Halts Stock Trading After Plunge

Compiled by Our Staff From Dispatches HONG KONG — Television Broadcast Ltd. suspended trading in its shares Tuesday after its stock fell 33 percent in the wake of an extraordinary general meeting at which investors agreed to restructure the concern.

Volkswagen Profit Increases By 7% in 9-Month Period

Reuter WOLFSBURG, West Germany — Volkswagen AG said group net profit in the first nine months of 1988 rose 6.6 percent, to 419 million Deutsche marks (\$239.3 million), from 393 million DM a year earlier.

Honda Profit Rises in Half, But Is Weaker in 2d Quarter

Reuter TOKYO — Honda Motor Co. said net profit in the half ending Sept. 30 rose to 48.54 billion yen (\$395.7 million), compared with 43.57 billion yen in the year-earlier period.

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ANDERS WILHELMSSEN & Co. A/S sold a 50 pct interest in ROYAL ADMIRAL CRUISES LTD to CRUISE ASSOCIATES The undersigned initiated the sale and advised the parties in this transaction.

OBLIGATION Fonds de placement en obligations, investi totalement en francs suisses. Direction : BANQUE PARIBAS (SUISSE) S.A., GENÈVE. PAIEMENT DU COUPON Réparation des revenus du quinzième exercice (1er octobre 1987 - 30 septembre 1988) dès le 22 novembre 1988, contre remise du coupon N° 16.

USIF — REAL ESTATE International Depositary Receipts (IDR) Issued by Morgan Guaranty Trust Company of New York Notice of Annual General Meeting of Shareholders Notice is hereby given that the Annual General Meeting of Shareholders of USIF, Real Estate ("USIF") will be held at the NASSAU Beach Hotel (Gulfstream Rooms), West Bay Street on the Island of New Providence in the Commonwealth of The Bahamas, on Friday, the 2nd day of December, 1988 at 10:00 o'clock in the forenoon for the following purposes:

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France F.F.	05-436 436	1,500	1,230	830	455
Germany** D.M.	0130 25 31	580	403	320	176
Gr. Britain £	---	135	83	74	41
Greece** Dr.	691 02 42***	23,500	23,820	13,250	7,300
Ireland £Ir.	---	155	118	85	47
Italy Lire	---	360,000	295,200	200,000	110,000
Luxembourg L.Fr.	49 49 60	11,000	7,200	6,000	3,300
Netherlands** Fl.	06-022 08 15	600	492	340	185
Norway** N.Kr.	(02) 41 34 89*	2,000	1,276	1,100	600
Portugal** Esc.	(01) 80 71 23*	26,000	26,780	14,300	7,900
Spain** Ptas.	(91) 401 29 00*	31,000	21,780	17,000	9,400
Sweden** S.Kr.	(08) 21 01 90*	2,000	1,276	1,100	600
Switzerland S.Fr.	046 05 68 00	455	455	255	141
Rest of Europe, N. Africa, form. Fr. Afr., Middle East \$	---	470	Varies by country	260	145
Rest of Afr., Gulf St. Asia \$	---	620		340	190
Central/Latin America \$	---	540		295	160



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CURRENCY MARKETS

Dollar Declines in Light Trading

NEW YORK—The dollar ended lower on Tuesday in slow trading, as the market awaited the release on Wednesday of U.S. trade data for September, dealers said. The U.S. currency continued to regain some of its lost ground against the yen early in the day. But this advance, according to some dealers, was prompted by renewed, though limited, intervention by the Bank of Japan.

Table with 2 columns: Currency, Rate. Includes Deutsche mark, Japanese yen, Swiss franc, French franc.

stronger than an expected 0.5 percent, while industrial production increased 0.4 percent, against a projected 0.5 percent. The U.S. currency ended at 1.7428 Deutsche marks, down from 1.7458 at the previous close, and at 123.250 yen, off slightly from 123.775.

Japanese Trim Buying Of U.S. Debt

NEW YORK—Japanese institutional investors bought fewer U.S. government securities at the latest Treasury auction than they have at past auctions, due largely to currency instability. Bond dealers said Japanese investors such as life insurance companies bought more than 30 percent of the \$9.5 billion in 10-year notes sold last week, but their purchases of three-year notes slipped to 15 percent from an average of 20 percent in past auctions.

Pressure Remains Strong on Norwegian Krone

OSLO—A crisis of confidence in Norway's economy and rumors of a devaluation have put the krone under siege in foreign exchange markets and left the government in a quandary over interest rates. Norway's central bank has spent around one-tenth of its foreign exchange reserves buying kroner since Friday in an attempt to prop up the currency, dealers said.

point band in the basket—with 114.50 the weakest point and 109.50 the strongest. In London, the Norwegian currency edged up against the British pound, which fell to 11.9418 kroner from 11.9453 on Monday.

Mr. Langeland said, "The weakness of oil prices and the drop in the dollar, and concern about what this has done to Norway's economy, has led to a good deal of selling."

But this year the central bank has cut its key overnight rate three times to its present 12.4 percent. Dealers say this has tarnished the currency's allure.

Norway devalued the krone by 12 percent in the spring of 1986, as the collapse in oil prices threatened a major recession. At that time, Prime Minister Gro Harlem Brundtland said there would be only one such devaluation.

OECD Sees Growth, Stresses U.S. Budget

By Carl Gewirtz. PARIS—Officials from the major industrial countries endorsed Tuesday a forecast that the longest postwar economic expansion was likely to continue over the next two years, but they warned against a slowdown in the momentum of reducing trade imbalances.

Mr. Sprinkel also said that he anticipated "significant improvement in all measures of the U.S. trade accounts extending into 1989 and subsequent years." He did not reveal any numbers, however.

Regarding the West German trade surplus, which the OECD sees rising \$1 billion a year from \$48 billion this year to \$48 billion by 1990, the committee said: "The widening of imbalances within Europe should be seen against the backdrop of progressive European integration, surging investment activity and the pattern of intra-European trade in capital goods as well as long-term capital flows."

Mr. Nogami noted that "most of the Japanese purchases were financed by borrowing dollars," meaning little money flowed from Japan to the United States.

U.S. Mortgage-Backed Securities Find a Home in Japan

TOKYO—Japanese investors are beefing up their holdings of U.S. mortgage-backed securities mainly using money they no longer care to invest in the volatile U.S. corporate bond market, according to credit market analysts.

half year. And most analysts do not expect the trend to be reversed when corporate bonds lose their present instability.

U.S. investment banks limit much of the prepayment risk by packaging mortgage-backed securities as collateralized mortgage obligations. These instruments limit the prepayment risk by assigning principal payments to various tranches.

Some dealers said they hoped the recent demand would permanently expand the market.

Tuesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including AAB, AAC, AAD, etc.

Main table of stock prices with columns for 12 Month High, Low, Stock, Div. Yld., PE, etc.

Table of stock prices with columns for 12 Month High, Low, Stock, Div. Yld., PE, etc.

BOOKS

ALCOHOL AND THE WRITER

By Donald W. Goodwin, M.D. 210 pages. \$16.95. Andrews, McNeil and Parker, 4900 Main St., Kansas City, Mo. 64112.

Reviewed by Christopher Lehmann-Haupt
It is something that everyone has observed but few books have been written about, excepting Upton Sinclair's 'Cup of Fury' and Donald Newlove's 'Those Drinking Days.' Writers tend to drink. American writers in particular, Sinclair Lewis once asked, 'Can you name five American writers since Poe who did not die of alcoholism?'

Donald W. Goodwin has long been aware of the phenomenon. As he explains in 'Alcohol and the Writer,' one of his earliest discoveries 'was that writers drank a lot—maybe more than anyone else.' Among the seven American Nobel laureates in literature, four of them—Sinclair Lewis, Eugene O'Neill, William Faulkner and Ernest Hemingway—were 'clearly alcoholic.'

Coming across these statistics at the outset of 'Alcohol and the Writer,' a reader might object that five out of seven is a pretty narrow sample. Halfway through the book, he might add that telling the stories of those who drank a lot is a systematic way to study alcoholism in the profession. But halfway through the book, a reader doesn't care anymore. He is too intrigued by what the author is up to.

Goodwin started out his postgraduate career as a literature student of Lionel Trilling's at Columbia University. He later went on to get a medical degree and to become a psychiatrist. There is more of the literature student in the essays that make up this book than there is of the doctor. Their subjects have been much written about: Poe, Fitzgerald, Hemingway, Steinbeck, Faulkner, O'Neill, Georges Simenon and Malcolm Lowry.

But Goodwin views them as odd, peculiar angles that somehow bring them to life. He suggests that Poe was a loner but not a lonely man; 'his mind was always teeming with pursuits and projects.' He quotes an unusual passage in which F. Scott Fitzgerald compared himself to a 'cracked plate' that 'will not be brought out for company' but 'will do to hold crackers late at night or go into the ice-box with the left overs.'

He views Hemingway through the eyes of Cubans, among whom he lived the longest and most habitual period of his life, so that it is possible to get a fix of what his writing and drinking habits really were. He sees Faulkner through the eyes of his neighbors in Oxford, Mississippi. The Nobel Prize was too important to ignore. Something had to be done. Finally, they had a fish fry and invited Faulkner as the honored guest. He accepted.

He sums up Malcolm Lowry's life from the nearly 50 photos that appeared in Douglas Day's biography. At times, you forget that Goodwin is writing about the writer and alcoholism. But not for long. After all, Poe's hallucinations states may best be explained by his possible consumption of alcohol.

All of Goodwin's subjects seem to disprove the myth of intolerance for alcohol. Alcoholics aren't really people who are inordinately sensitive to liquor. They are simply highly skilled at drinking far more than people are aware of them doing.

Still, what does it all prove? So Fitzgerald may have been a manic-depressive as well as a writer and an alcoholic. So it 'requires no stress of Freudian speculation to diagnose Hemingway as a possible Hitler-world-class counterphobe,' drives to get precisely what he was afraid of. So Faulkner suffered from a fragmented personality.

How do we get from suppositions like these to an answer to the question, why do writers drink? In his final chapter, 'Notes on an epidemic,' Goodwin tries to pull all his loose threads together. Perhaps American writers in the first half of the 20th century have drunk excessively, because 'the hours are good'—that is to say, because, more than postmen, for example, they could get away with it. Or possibly they have drunk because 'it is expected' of them—that is, to fulfill the romantic image of the artist. Or maybe they have drunk because some times an intoxicated state inspires their creativity.

Goodwin does have a theory. The key for him lies at some nexus in the human makeup where writing, schizophrenia and alcoholism meet. To put it oversimplifying, he proposes that writers are loners, especially writers in the United States, where individualism is highly prized. 'Creative writing requires a rich fantasy life; loners have rich fantasy lives—the ultimate loner is the schizophrenic who lives in a prison of fantasy. Alcohol promotes fantasy.'

This is not a systematic theory, nor does it lend itself to verification. But in Goodwin's able hands, it shows us a good deal about American writers, and something about American drinkers, too.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BEST SELLERS

Table listing best-selling books with columns for title, author, and weeks on list. Includes 'The Queen of the Damned' by Anne Rice and 'The Cardinal of the Kremlin' by Tom Clancy.

Table listing nonfiction best sellers with columns for title, author, and weeks on list. Includes 'A Brief History of Time' by Stephen W. Hawking and 'The Last Lion' by William Manchester.

Table listing advice, how-to and miscellaneous best sellers with columns for title, author, and weeks on list. Includes 'The 8-Week Cholesterol Cure' by Robert E. Kowalski and 'Swim with the Sharks Without Being Eaten Alive' by Harvey Mackay.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Nov. 15

Table of stock market data for Amsterdam, including various bank and utility stocks and their closing prices.

Table of stock market data for Hong Kong, listing various local and international stocks.

Table of stock market data for London, listing various UK and international stocks.

Table of stock market data for Paris, listing various French and international stocks.

Table of stock market data for Tokyo, listing various Japanese and international stocks.

Table of stock market data for Seoul, listing various Korean and international stocks.

Table of stock market data for Singapore, listing various regional and international stocks.

Table of stock market data for Sydney, listing various Australian and international stocks.

Table of stock market data for Zurich, listing various Swiss and international stocks.

Table of stock market data for various international markets including Zurich and other European cities.

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Crossword puzzle grid with clues for Across and Down words.

Weather forecast table for Europe, Asia, North America, Africa, Latin America, and Oceania.

Dennis the Menace comic strip panels showing Dennis and his father Mr. Wilson.

Jumble word game with a cartoon illustration and a list of words to be unscrambled.

Andy Capp comic strip panels showing Andy Capp and his wife.

- DOWN
1 British gun
2 There oughta be...
3 Well suited
4 Country road
5 Broad
6 Like... of bricks
7 One of Cybill Shepherd's offspring
8 Cry of agitated surprise
9 Year in Macbeth's reign
10 Quailed
11 Hart
12 Scolding
13 Weight allowance
14 Villainous look
15 Ken or Chuck
16 Intones
17 Extended
18 German, to a
19 W.W.I. polu
20 An anesthetic
21 Electric fishes
22 Group of three
23 Puffs
24 Summer cooler
25 C.S.A. V.I.P.
26 Panache
27 Claude of TV
28 Elude
29 Show host
30 Pedro or Francisco
31 Depol. Abbr.

Peanuts comic strip panels featuring Snoopy and Woodstock.

Wizard of Id comic strip panels featuring a character with a large head.

Andy Capp comic strip panels showing Andy Capp and his wife.

Wizard of Id comic strip panels featuring a character with a large head.

Solution to the crossword puzzle from the previous page.

Blondie comic strip panels featuring Blondie and Dag.

Wizard of Id comic strip panels featuring a character with a large head.

Wizard of Id comic strip panels featuring a character with a large head.

Wizard of Id comic strip panels featuring a character with a large head.

Doonesbury comic strip panels featuring the Doonesbury family.

Doonesbury comic strip panels featuring the Doonesbury family.

Doonesbury comic strip panels featuring the Doonesbury family.

Doonesbury comic strip panels featuring the Doonesbury family.

Doonesbury comic strip panels featuring the Doonesbury family.

Garfield comic strip panels featuring Garfield and Jon Arbuckle.

Garfield comic strip panels featuring Garfield and Jon Arbuckle.

Garfield comic strip panels featuring Garfield and Jon Arbuckle.

Garfield comic strip panels featuring Garfield and Jon Arbuckle.

Garfield comic strip panels featuring Garfield and Jon Arbuckle.

SPORTS

College Basketball 1989: Toward the Tip-Off

By William C. Rhoden

New York Times Service

NEW YORK — After a rigorous summer of recruiting, scouting and coaching changes, a new college basketball season begins this week with 293 NCAA Division I programs competing for 32 conference championships.

The traditional opening of the season, at least in recent years, has been the Tip-Off Classic, which will take place Saturday in Springfield, Massachusetts, when Duke, a Final Four team last season, plays Kentucky.

While the stakes vary from team to team, the goal in the back of nearly every coach's mind is to receive one of 64 invitations to the National Collegiate Athletic Association tournament next March.

A few teams have loftier ambitions. Duke, Georgetown, Oklahoma and Michigan might be tempted to consider their season a waste if they do not at least reach the final Sweet 16.

"Last season left an unfinished taste in our mouths," said Coach Billy Tubbs, whose high-powered Oklahoma Sooners were upset by Kansas in the national championship game last year. "We had a great year last year, but it's nothing we can sit back and pat ourselves on the back for. We are unfinished business."

A majority of coaches have humbler aspirations. For most of them, duplicating the success of Rhode Island or recreating the excitement of Loyola Marymount would be enough to make the 1988-89 season worthwhile.

Rhode Island, under Coach Tom Penders, reached the Final 16 with an upset victory over Syracuse. Loyola Marymount finished with a 28-4 mark, led the nation in scoring by averaging 110.3 points a game, and reached the final round of the regional semifinals.

While Penders left Rhode Island for a more lucrative position — \$1.5 million over five years — in Texas, Paul Westhead, the Loyola Marymount coach, stuck around and promises more excitement this season.

"My approach will not change," Westhead said. "If anything we're going to try to run faster and score more."

But for all of the anticipation surrounding a new season, there are disturbing reminders of the misguided ambition that continues to corrupt intercollegiate basketball and, by extension, intercollegiate athletics.

As Arkansas came from nowhere to win the national championship last April, fans hailed the victory as a triumph of coaching, camaraderie and teamwork. Sherwood observers pointed out that the victory — indeed, the entire tournament — underscored the fact that a great player can lead

an ordinary team to the national championship.

In Kansas's case it was Danny Manning, who became the No. 1 pick in the National Basketball Association draft and played his first game for the Los Angeles Clippers on Saturday.

Getting such a player is the great pursuit in college basketball, and the 1988-89 season begins with a poignant reminder of the inherent hazards of such a pursuit. Last month, in a move that was nearly as stunning as Kansas's victory over Oklahoma, the NCAA placed Kansas on a three-year probation.

The NCAA's charges stem from wrongdoing in connection with illegal inducements to Vincent Askew, a Memphis State guard who was contemplating transferring to Kansas.

Under the sanctions, Kansas may not participate in the NCAA tournament this year, thus marking the first time in NCAA history that a championship will not be allowed to defend its crown.

"This is not what I had pictured in my dreams of becoming a head coach," said Roy Williams, the Jayhawks' first-year coach.

Williams, who was Dean Smith's first assistant for 10 years at North Carolina, replaces Larry Brown, who accepted the head coaching job with the San Antonio Spurs.

Keith Harris, who would have been Williams' best returning player, left the team when Brown resigned. Of five incoming signees, only two will be eligible to play this season; two are Proposition 48 casualties, and one decided not to come.

Proposition 48 is the academic equivalent of injured reserve. Players who do not meet certain academic requirements must sit out a year.

The intensified pursuit of talent forms the basis of a tension between philosophy — how business should be conducted — and reality — what it takes to get the job done.

That tension is represented in the matchup in the Tip-Off Classic on Saturday. While Duke has been used as a model of how success can be achieved through selective recruiting, Kentucky has been cast in recent years as something of a pariah and is currently under investigation by the NCAA.

"I don't look at us like Robin Hood, or anything," said Coach Mike Krzyzewski, who has built a reputation for selective recruitment and walking the straight and narrow. After two losing seasons, Krzyzewski has led Duke to two appearances in the Final Four.

The issue between NCAA and Kentucky concerns the manner in which the Wildcats have conducted business.

Last summer an envelope addressed from a Kentucky assistant

The Top 20 Picks for the NCAA Season

New York Times Service

1) Duke. Anchored by the all-America forward Danny Ferry, Duke has the staying power to end up on top when it counts. The key will be finding a defensive specialist to replace Billy King.

2) Georgetown. Alonzo Mourning, the Hoyas' 6-10 prize recruit, makes Georgetown an instant contender for the Big East championship, and more. The backcourt is set with a rotation of Charles Smith, Jaren Jackson, Mark Tillmon and Dwayne Bryant.

3) Oklahoma. If the Sooners had a flaw last season — and at 35-4 they didn't have many — it may have been an under-utilized bench. With Mookie Blaylock returning at guard and Stacey King at center, the Sooners can make a run at another Final Four appearance.

4) Michigan. It has become an annual ritual to discuss Michigan's talent in November and its disappointing elimination in March. With Rumeal Robinson and Sean Higgins in the backcourt, Terry Mills, Glenn Rice and Loy Vaughn on the front line, the Wolverines are too talented — again — not to rank highly in the early going.

5) Syracuse. The Orangemen's biggest problem will be chemistry. Freshman Billy Owens joins a solid crew led by Sherman Douglas, the all-conference point guard, and Derrick Coleman at forward.

6) University of Nevada-Las Vegas. The Rebels are deep but inexperienced. Stacey Augmon, the sophomore forward, is the rock of this team and there are a host of talented newcomers.

7) Louisville. After two seasons of meandering, it's about time for the Cardinals to focus on a national title. Four starters return from a 24-11 team that finished fifth in the Metro Conference. Paris Ellison, the 6-foot-9 (2.06-meter) forward, is the heart of the team.

8) Arizona. The Wildcats won't get out of the blocks as quickly as they did last season, but they might actually be as tough a team in March. Sean Elliott is the Pacific-10's most complete player.

9) West Virginia. Coach Gale Catlett had his string of seven straight 20-victory seasons snapped last year, but the Mountaineers should rebound with a vengeance with four starters returning.

10) Florida State. Coach Pat Kennedy has four starters back and will push Louisville for the Metro championship.

11) Villanova. The Wildcats turned what was supposed to have been a rebuilding season into a miraculous journey that ended just one game short of the Final Four. Rollie Massimino has four starters returning from that squad, including the conference's best backcourt: Doug West and Kenny Wilson.

12) Missouri. Derrick Chievous is gone but the Tigers return all other starters — plus considerable firepower — from last season's 19-11 team.

13) Arkansas. After three years of an uphill climb, Nolan Richardson might be close to the mountaintop by the end of the season.

14) Oklahoma State. Leonard Hamilton, the third-year coach, has quietly built a dynamo. This could be the season it kicks in. Watch his sophomore forward, Richard Dumas.

15) North Carolina. Depending on how quickly and how well J.R. Reid's foot heals, North Carolina could be the force in the ACC. If Reid's foot does not heal quickly, the Tar Heels could find themselves muddled in the middle.

16) Georgia Tech. If Bobby Cremins can find a point guard to complement Brian Oliver in the backcourt and get the ball to the forwards, Dennis Scott and Tom Hammond, Georgia Tech might have something going.

17) Iowa. The Hawkeyes have a strong returning nucleus in B.J. Armstrong, a guard, Ed Horton and Roy Marble, a forward.

18) Georgia. The Bulldogs could be a surprise of the season, depending on the adjustment of freshman guard Litteral Green.

19) Connecticut. Jim Cathoun has five starters back from a team that finished 20-14 and won the National Invitation Tournament. The best of the five is the center, Cliff Robinson.

20) Illinois. The Illini, like Michigan, are perennially laden with talent. This season's team, despite not having a player over 6-8, is no exception. Look for a ferocious inside attack. Marcus Liberty, the 6-8 swingman returning from Proposition 48 banishment, could give this team an incredible lift.

Selected by William C. Rhoden.



Bills 31, Dolphins 6
Robb Riddick of Buffalo getting some yardage before being brought down by Paul Lankford in a National Football League game Monday night in Miami. Riddick and Ronnie Harmon scored two touchdowns each and the Bills intercepted Dan Marino three times for a sixth consecutive victory.

Canadian Inquiry on Drugs Begins

TORONTO — Canada began a formal examination Tuesday of how its dream of Olympic gold for the sprinter Ben Johnson dissolved into a nightmare steroid scandal.

Ontario Associate Chief Justice Charles Dubin, appointed by the federal government to investigate drug abuse in Canadian athletics, has declined comment on the scope of his hearings that began in Toronto. Expectations are high that the proceedings will go much further than the issue of whether Johnson used anabolic steroids, as drug tests showed after his Olympic victory.

Johnson maintains that he never knowingly used drugs to enhance his performance, capped by the world record 9.79-second, 100-meter race at Seoul on Sept. 24.

Canada's euphoria at Johnson's victory over Carl Lewis of the United States quickly turned to sadness and disgrace as he was stripped of the medal.

"I would never embarrass my family, my friends, my country and the kids who love me," Johnson said after his return from Seoul.

Some remained loyal, and T-shirts appeared with the slogan, "Ben Didn't Do It." They have slipped out of store display windows as the weeks since the Olympics passed.

The hearings start at a time when Canadians are embroiled in a passionate debate on their national identity as part of the campaign for next Monday's national election. At stake is the free-trade agreement with the United States scheduled to take effect Jan. 1.

Opponents of the pact argue that Canada faces a tremendous threat to its national identity and could be

overwhelmed by the more populous and wealthier United States.

Susan Burt, a sports psychologist at the University of British Columbia, said Canadians "have that tendency" to place the national ego on the line over an athletic event.

"Hopefully, we can all educate ourselves to become more realistic and mature about sports," she said.

Burt Konzak, an expert in sports psychology at the University of Toronto, said the hearings should examine the competitive pressures put on Johnson and the push for Canada to win a gold medal in a high-profile event.

"Why were we so lax in testing our own athletes?" he asked. "It was because we wanted a winner."

Among the most eagerly awaited witnesses are Johnson's coach, Charlie Francis; and Dr. Jamie Astaphan, the physician who treated the athlete.

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SCOREBOARD

FOOTBALL

College Top-20 Rankings

Table with columns for Rank, Team, Record, and Points. Lists top 20 college football teams including Notre Dame, Southern Cal, and Michigan.

U.S. College Leaders

Table with columns for Team, Points, and other statistics. Lists leading college football teams and their performance.

BASKETBALL

NBA Standings

Table showing NBA standings for Eastern, Central, Western, and Pacific Divisions. Includes columns for Team, W, L, Pct., and GB.

NFL Standings

Table showing NFL standings for American and National Conferences. Includes columns for Team, W, L, T, Pct., and PF/PA.

HOCKEY

NHL Standings

Table showing NHL standings for Patrick and Adams Divisions. Includes columns for Team, W, L, T, Pct., and GF/GA.

Wales Conference

Table showing Wales Conference standings for Patrick and Adams Divisions. Includes columns for Team, W, L, T, Pct., and GF/GA.

Prince of Players, Will Platini Be King?

International Herald Tribune

LONDON — Shall the prince be king? This weekend Michel Platini, once the most regal of players, assumes full power over French soccer. His inauguration is daunting. France needs victory, or survival at least, in Yugoslavia.

One match at short notice is no test of a man, but Platini is hired as a messiah. France turned to him in desperation, gambling on his untested ability to transmit the inspiration he had at his feet. He will have to prove something Pele and Bobby Charlton and John Charles, Eusebio, Alfredo di Stefano and Ferenc Puskas could not.

None has transplanted mastery of the playing fields into team management. In some ways the greater the performer, the less they are able to pass on.

This is not unique to sport. Yehudi Menuhin, musician par excellence and dedicated teacher, cannot make geniuses of his prodigies. He takes them early and stays influential for years; yet the greatness of soul, the instinct that makes Menuhin rich and famous, are not gifts one can impart to others.

By comparison, miracles are expected of Platini. He is 33. He has half the worldly wisdom of Menuhin, and he will be granted a fraction of the time, and his players are inadequate.

When Les Bleus dropped a point in Cyprus last month, Jean Fournet-Fayard, president of the French Football Federation, decided: "It was time to do something exceptional, and I thought only the

coaching badge, and if it rides soccer of robotic tactics, all power to them.

First, let's see proof that he is a man who transcended the game as a player. Platini, like Beckenbauer is not Di Stefano, perhaps the most complete player ever, became a dull coach.

Platini might be different. He doesn't pretend he is a coach. "Who can seriously believe," he asked, "that replacing Henri Michel could be enough for our national team to suddenly find its way again?"

Platini's brief is to "remove obstacles around the team" — i.e., to give it back the impetus to attack where Henri Michel defended.

To attack without a Platini in midfield, a team must have goal-scorers. And maybe Platini's timing is good: He takes over just as Christian Perez has exploded onto the scene for Paris-St. Germain.

Perez, a left-sided striker, is making up for lost time. At 25, he astonishes Paris with the suddenness of his rise. Last Saturday he struck twice, beating three defenders for the second.

Platini, looking for new blood, may find Perez irresistible. But Platini's main selection is another new appointee: perhaps France's real manager/coach, Gerard Houllier.

Three seasons ago Houllier guided Paris-St. Germain to the Division I title. His piece of resistance was to coach the best out of Dominique Rochelet, a gifted but mercurial center-forward.

But Houllier must help his boss rediscover the love of soccer that deserted Platini when he quit Juventus in 1982. A wealthy and bored young man, for all though he may never career the ball again Platini cannot succeed unless he finds again the joy in soccer that goes back beyond France to Italy, where Platini's grandfather, a miner, lived and breathed the game.

Rob Hughes is on the staff of the Sunday Times.

Platini leaves the Lear jet behind to travel on more on the team bus. Pity he cannot pick himself as a match winner. Platini, the player,

scored 41 times in 72 internationals from midfield.

He netted two beguiling free-kicks to beat Yugoslavia in Paris three years ago. The remnants of that Yugoslav side, and younger recruits who may worship Platini, are duty bound to suppress any French uprising in Belgrade.

Platini knows that the moment a performing god hands in his boots his era is up. If his presence spurs on the French, might it not do the same to opponents?

Yugoslavs are temperamental masters of technique and tactics. They have some prize legionnaires in France, such as the crafty Safet Susic.

As the French know, Susic can turn a Bournemouth. That might explain Fournet-Fayard's chagrin over Susic's being chosen for the Yugoslav team a month after taking French citizenship.

The duplicity of a rare French top scorer in Yugoslavia. Six years after Susic, 33, transferred to Paris-St. Germain, he obtained "naturalization of convenience" so the club can employ three rather than two foreigners.

Besides, the French are mighty glad to count their colonial brothers as nationals whenever the team needs them. Two men vital to Saturday's cause will be Basile Boli, born in the Ivory Coast, and Jean Tigana, a Malian.

Before accepting the job, Platini called Tigana in Bordeaux and, for old times' sake, Tigana, also 33, agreed to come out of "retirement" to lead the French.

Tigana is a fighter, one whose athleticism and spirit complemented Platini's flair. Boli, 22, scarcely lacks confidence but will benefit under a captain who has seen it all and done most of it.

The one time Boli, a counter-attacking sweeper, had doubts was as a teen-ager breaking into the Auxerre team. He was bombarded by requests from Abidjan to return for France. Touche, M. President!

Assuming Platini builds his defense around the young African we could have a duel of dual nationalities: Boli vs. Susic.

But eyes will be on Platini. Following the trend of Franz Beckenbauer in West Germany and Johan Cruyff in club management at Ajax Amsterdam and now Barcelona, the French have gone for "presence." They have turned away from

Advertisement for BLANCPAIN watches. Text: "SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE." Includes an image of a watch and the name SUAREZ JOYERIA.

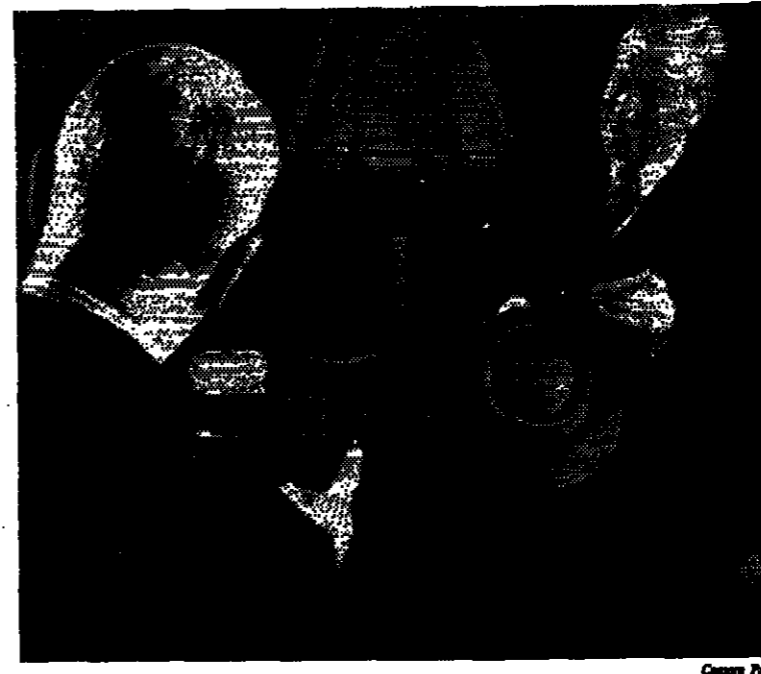
OBSERVER

The Moveable Holdup

By Russell Baker
NEW YORK — In the first place, Hemingway told the story wrong, probably to make himself look good. That was a vice of his. He would wait until you died, then tell the story wrong to make himself look good while making you look like a fool.

Maurice Chevalier: A Doff of the Hat

By Thomas Quinn Curtiss
PARIS — Maurice Chevalier in a poster flashing his friendly grin, attired in a natty dinner jacket and brandishing his natty straw hat, survives as an irresistible invitation to the nightly joys of Paris.



Maurice Chevalier, the severe self critic, perfecting his gestures before a mirror.

PEOPLE

A Picasso Work Fetches A Record \$24.8 Million

Picasso's "Motherhood," a 1901 blue-period mother and child with an unidentified buyer at Christie's in New York for \$24.8 million — a record for 20th-century art and the fourth-highest price ever paid for a work of art.

The U.S. Supreme Court has turned down without comment an appeal by an employee of NBC Television who said he had the original idea for "The Cosby Show."

The Washington Opera held its curtain for 30 minutes while Puccini's "Tosca" costume and makeup, was treated for a cold. After being treated at a doctor's office, Domingo rushed back to perform, then was the celebrity guest at a Washington Opera patrons dinner.

TODAY'S INTERNATIONAL BUSINESS MESSAGE CENTER Appears on page 4

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